



EUROPEAN CENTRAL BANK

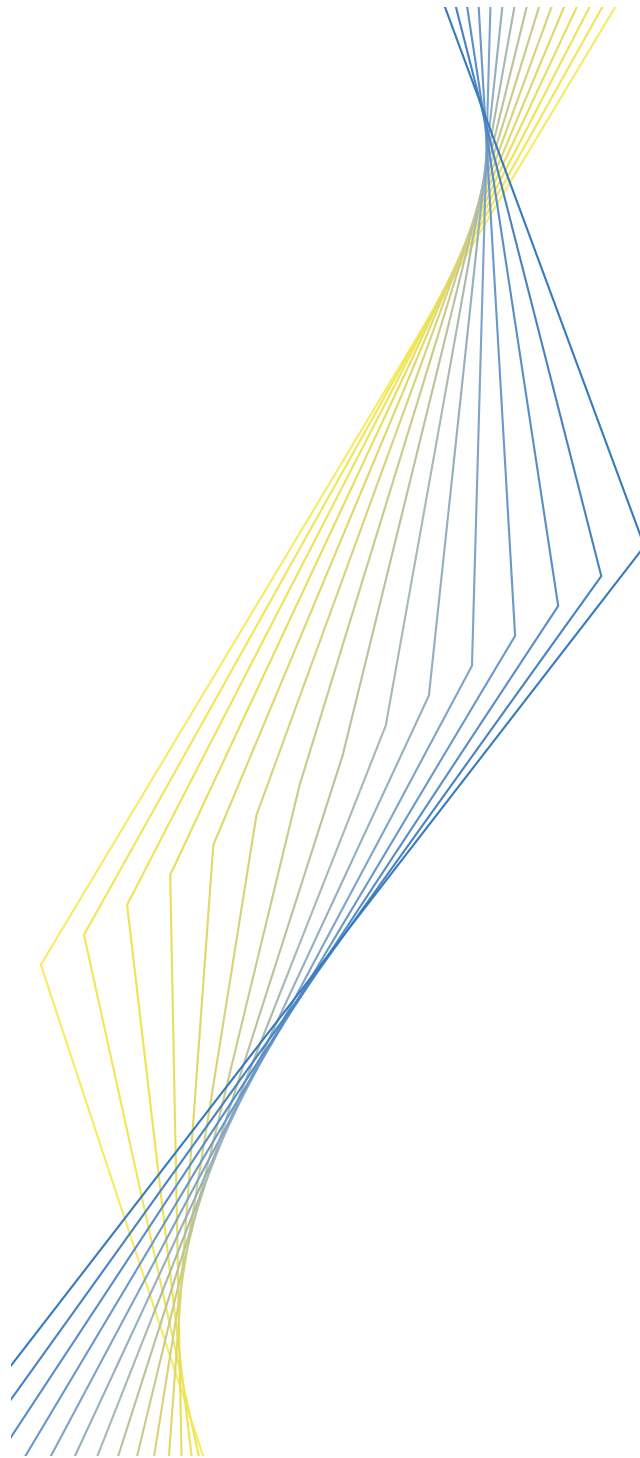
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**M O N T H L Y
B U L L E T I N**

September 2000



EUROPEAN CENTRAL BANK



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Abbreviations

Countries

BE	Belgium
DK	Denmark
DE	Germany
GR	Greece
ES	Spain
FR	France
IE	Ireland
IT	Italy
LU	Luxembourg
NL	Netherlands
AT	Austria
PT	Portugal
FI	Finland
SE	Sweden
UK	United Kingdom
JP	Japan
US	United States

Others

BIS	Bank for International Settlements
BPM4	IMF Balance of Payments Manual (4th edition)
BPM5	IMF Balance of Payments Manual (5th edition)
CDs	certificates of deposit
c.i.f.	cost, insurance and freight at the importer's border
CPI	Consumer Price Index
ECB	European Central Bank
ECU	European Currency Unit
EMI	European Monetary Institute
ESA 95	European System of Accounts 1995
ESCB	European System of Central Banks
EU	European Union
EUR	euro
f.o.b.	free on board at the exporter's border
GDP	gross domestic product
HICP	Harmonised Index of Consumer Prices
ILO	International Labour Organization
IMF	International Monetary Fund
MFIs	Monetary Financial Institutions
NCBs	national central banks
repos	repurchase agreements
SITC Rev. 3	Standard International Trade Classification (revision 3)

In accordance with Community practice, the EU countries are listed in this Bulletin using the alphabetical order of the country names in the national languages.

Editorial

Since the last issue of the ECB Monthly Bulletin, the Governing Council of the ECB has held two meetings. At its meeting on 31 August 2000 the Governing Council decided to raise the minimum bid rate on the main refinancing operations of the Eurosystem by 25 basis points to 4.50%, starting with the operation settled on 6 September 2000. The interest rates on the marginal lending facility and on the deposit facility were also raised by 25 basis points, to 5.50% and 3.50% respectively, both with effect from 1 September 2000. At the meeting held on 14 September 2000 the Governing Council decided to leave the ECB interest rates unchanged.

The decision taken on 31 August 2000 reflected concerns of upward risk to price stability, as evidenced by analyses based on both pillars of the monetary policy strategy of the ECB.

Starting with the first pillar, the three-month average of annual M3 growth was 5.5% in the period from May to July 2000, down from 6.0% in the three-month period ending in June 2000. The decline in M3 growth in recent months has mainly been a consequence of lower growth in the most liquid components of M3 and indicates that the monetary policy measures taken since November 1999 are gradually feeding their way through. However, while moderating somewhat, M3 growth continued to exceed the reference value of 4½%, and the upward deviation has lasted for a protracted period. The growth of loans to the private sector has followed a similar pattern to that of M3 growth over recent months. In July 2000 the annual rate of increase declined to 8.9%, from 9.3% in the previous month, but remained high. This suggests that the financing conditions in the euro area to households and businesses continued to be favourable. In the context of robust economic growth in the euro area, ample liquidity conditions constitute an upward risk to price stability.

Turning to the second pillar, short-term indicators pointed to continued strong

economic growth in the first half of this year. This was confirmed by a first estimate on the part of Eurostat of real GDP growth in the second quarter of 2000. According to this estimate, real GDP growth in the euro area was 3¾%, on an annualised basis, in the first half of this year. This outcome is in line with the projections in currently available forecasts, which, on average, foresee growth remaining above 3% next year. Following a period of acceleration in economic activity, growth may now have stabilised at a high rate.

The outlook for euro area growth reflects favourable domestic and external conditions. On the domestic side, the overall level of confidence has remained at or close to record highs in recent months. Moreover, employment grew strongly in the first half of this year, unemployment remained on a downward trend, and the rate of capacity utilisation in manufacturing rose further, reaching the highest level since the early 1990s. Taken together, these factors should underpin growth in private consumption and investment, and thus in domestic demand. On the external side, economic growth in the euro area should benefit further from strong growth of the world economy.

Expectations of a period of sustained economic growth in the euro area can also be found in euro area bond markets. While short-term interest rates have been rising, longer-term bond yields in the euro area have remained broadly stable in the course of this year, so that the yield curve has flattened. Moreover, stability has been observed in the real yield on index-linked bonds issued in the euro area. Taken together, these developments suggest that market participants have not significantly revised either their longer-term expectations for economic growth or average inflation expectations in recent months.

The overall positive outlook for the euro area is not reflected in the external value of the euro, which in nominal effective terms declined by 4.2% between the beginning of

August and mid-September 2000. The decline in the exchange rate of the euro contrasts more and more with economic fundamentals. In particular, it should be stressed that the prospects for economic growth in the euro area have improved considerably over the past one and a half years. At the same time, the measures taken by the Governing Council have demonstrated its determination to maintain price stability over the medium term. Moreover, exchange rate developments appear to be increasingly out of line with global current account developments in the balance of payments. The recent decline in the exchange rate of the euro entails upward pressures on prices that are a cause for concern.

Apart from recent exchange rate developments, the main upward pressures on euro area inflation currently come from increases in the price of oil. Reflecting this, the annual rate of increase in the Harmonised Index of Consumer Prices (HICP) was 2.4% in June and July 2000, up from 1.9% in May 2000. Oil prices increased from an average of somewhat less than USD 29 per barrel in July 2000 to around USD 33 per barrel in the first two weeks of September 2000. The effects of higher oil prices and a lower exchange rate of the euro are also reflected in the annual rates of increase in producer prices for intermediate goods. Producer price increases for capital goods and durable consumer goods have followed an upward trend since mid-1999. Thus far, however, the pass-through from prices in intermediate goods industries further along the chain of production, and from there to non-energy industrial goods in the HICP, has been subdued.

Monetary policy cannot offset short-term movements in inflation rates caused by external factors such as the recent oil price increases, but it can and must ensure that medium-term price stability is maintained. In particular, in the context of prospects for strong economic growth and high rates of capacity utilisation, monetary policy must contain the risk of the prolonged period of

upward pressure on overall HICP inflation spilling over onto costs and prices in the domestic economy.

The Governing Council reacted to this general picture by raising the main ECB interest rates at its meeting on 31 August 2000. This step followed a series of interest rate increases implemented since November 1999. The total increase since November 1999 in the ECB interest rates now amounts to 2 percentage points. The Governing Council will continue to remain alert to emerging risks to price stability.

Recent oil price increases have caused the terms of trade of the euro area to deteriorate, and thus have also reduced real income. This loss of real income cannot be avoided for the economy as a whole. Attempts to shift the burden of this loss within the economy will risk endangering the continuation of a non-inflationary growth process.

In this context, it will be essential that wages continue to grow at rates compatible with maintaining price stability. Euro area employment growth has recently been revised upwards, in particular for the past two years, and is now estimated to have reached a remarkable annual rate of growth of close to 2% in the first half of 2000. This dynamism reflects robust economic growth and wage moderation, and may also point to some progress in labour market flexibility. Continued moderate wage increases would contribute to maintaining the favourable trends in labour market developments in the context of still high unemployment. Any attempt to raise wages in reaction to recent oil price increases would be highly detrimental to the current favourable growth and employment prospects, since monetary policy would need to react to the resulting upward pressure on prices.

Governments in the euro area also have to play an important role in order not to convey the false impression that the costs for the economy as a whole stemming from the

increase in oil prices could be avoided by relaxing budgetary policies. This would not be in line with the needs of establishing budget positions close to balance or in surplus as required by the Stability and Growth Pact. Furthermore, there is a risk that fiscal budgets in 2001 will have a pro-cyclical bias on account of the sizeable cuts in direct taxes and social contributions which are being implemented or planned in some countries, and which are expected to be compensated only partially by spending restraint. Tax reforms are a welcome step towards reducing distortions in the economy and producing positive supply-side effects, but they need to be compensated by spending

cuts to prevent a pro-cyclical loosening of fiscal policy and by preserving the process of fiscal consolidation.

Finally, it is important that fiscal reforms be integrated into a comprehensive framework of structural reforms enhancing the flexibility of labour and goods markets. The prospects for a stronger potential for growth in the euro area and for the external value of the euro will depend very much on whether progress is made along these lines. Although reform efforts in several countries have been heading in the right direction, there is still much to be done when looking at the euro area as a whole.

Economic developments in the euro area

I Monetary and financial developments

Monetary policy decisions of the Governing Council of the ECB

At its meeting on 31 August 2000 the Governing Council of the ECB decided to raise the minimum bid rate applicable to the main refinancing operations (conducted as variable rate tenders applying the multiple rate auction procedure) by 25 basis points, to 4.50%, starting from the operation to be settled on 6 September 2000. The interest rates on the deposit facility and the marginal lending facility were also increased by 25 basis points, to 3.50% and 5.50% respectively, both with effect from 1 September 2000. At the subsequent Governing Council meeting, which was held on 14 September, ECB interest rates were left unchanged (see Chart 1).

Slowdown in M3 growth in recent months

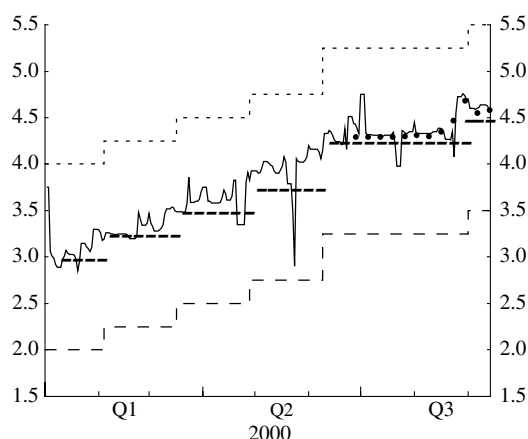
After having increased at a very strong pace in the first quarter of 2000, M3 has been expanding more moderately in recent

Chart 1

ECB interest rates and money market rates

(percentages per annum; daily data)

- - - - marginal lending rate
- - - deposit rate
- - - main refinancing/minimum bid rate
- overnight interest rate (EONIA)
- marginal rate in main refinancing operation



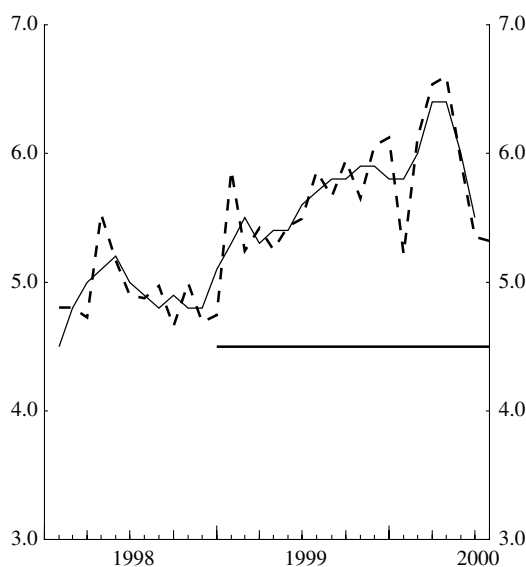
Sources: ECB and Reuters.

Chart 2

M3 growth and the reference value

(annual percentage changes)

- - M3
- M3 (three-month centred moving average rounded to the first decimal)
- reference value (4½%)



Source: ECB.

months. In July 2000 the annual rate of increase in the broad monetary aggregate M3 was 5.3%, compared with 5.4% in June 2000 and a peak of 6.6% in April 2000. The three-month average of the annual growth rates of M3, covering the period from May to July 2000, declined to 5.5%, from 6.0% in the period from April to June 2000. The slowdown in M3 growth is also confirmed by the analysis of seasonally adjusted data. The seasonally adjusted and annualised six-month rate was 5.1% in July, compared with 5.2% in June and 6.9% in April. Despite this recent moderation, however, sustained M3 growth, which has exceeded the reference value of 4½% since the beginning of 1999, contributed to fuelling liquidity in the euro area (see Chart 2).

Developments in M3 in recent months may be seen as reflecting the progressive tightening of monetary policy since November 1999. The gradual increase in

Table I**M3 and its main components***(end-of-month levels and seasonally adjusted month-on-month changes)*

	July 2000 levels	May 2000 change		June 2000 change		July 2000 change		May 2000 to July 2000 average change	
	EUR billions	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3	4,943.4	19.0	0.4	-17.9	-0.4	24.0	0.5	8.4	0.2
Currency in circulation and overnight deposits (= M1)	2,007.6	0.2	0.0	-25.3	-1.3	5.1	0.3	-6.7	-0.3
Other short-term deposits (= M2 - M1)	2,151.5	13.1	0.6	5.8	0.3	6.1	0.3	8.3	0.4
Marketable instruments (= M3 - M2)	784.3	5.6	0.7	1.6	0.2	12.8	1.7	6.7	0.9

Source: ECB.

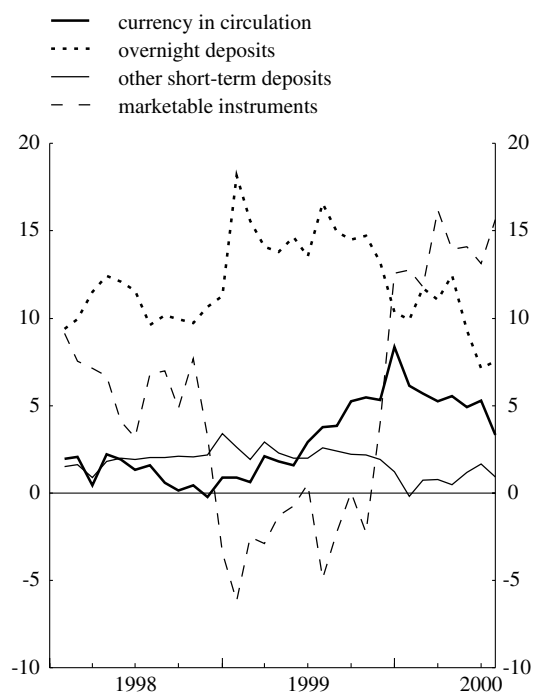
Note: Due to rounding, the sum of the components of M3 in euro (billions) may not add up to the total reported for M3.

short-term interest rates in the euro area had a dampening effect on, in particular, the demand for the most liquid components of M3, which bear little or no interest. With regard to the M3 aggregate as a whole, over recent months this effect appears to have dominated the stimulating influence which the rise in short-term market rates and the associated flattening of the yield curve may have had on M3 components such as deposits with an agreed maturity of up to two years and marketable instruments, the remuneration on which tends to follow developments in the money market relatively closely. Finally, there have been additional upward influences on M3 in recent months as a result of strong nominal income growth.

With regard to the components of M3 (see Chart 3), the annual rate of growth of currency in circulation declined significantly in July 2000, to 3.3%, from 5.3% in the previous month. By contrast, the annual growth rate of overnight deposits rose to 7.6% in July 2000, from 7.1% in June. This recovery was, however, at least partly related to the unwinding of a downward effect on overnight deposits in June related to the timing of tax payments in one euro area country.

As a result of the offsetting developments in currency in circulation and overnight

deposits, the annual growth rate of MI was unchanged at 6.8% in July 2000. Over the past few months the annual rate of increase in MI has declined significantly (from 11.2% in April 2000).

Chart 3**Components of M3***(annual percentage changes)*

Source: ECB.

The annual growth rate of short-term deposits other than overnight deposits declined to 0.9% in July 2000, from 1.7% in the previous month. The subdued growth of this item, which can be observed over the whole of the year to date, masks divergent developments in the two sub-components. On the one hand, deposits with an agreed maturity of up to two years recovered strongly (with an annual rate of growth of 7.0% in July, compared with 1.2% in April and -4.2% in January), benefiting from the fact that retail rates paid on these instruments have followed the developments in short-term market interest rates relatively closely. On the other hand, deposits redeemable at a period of notice of up to three months have declined strongly since February 2000 (the annual rate of change was -3.2% in July). This decrease reflected the rise in the spread between short-term market interest rates and the average retail rate paid on these deposits in the euro area since mid-1999 (see Chart 5).

Reflecting the stability in July of the annual rate of increase in M1 and the decline in the annual rate of growth of short-term deposits other than overnight deposits, the pace of annual growth of the aggregate M2 fell to 3.7% in July, from 4.1% in the previous month. This continued the declining trend in the growth of this aggregate observed since the second half of 1999.

In July 2000 there was a significant increase in the annual rate of marketable instruments included in M3, to 15.6%, from 13.1% in June. This was mainly a result of the increase in the annual rate of growth of money market fund shares and money market paper (to 21.0%, from 15.8% in the previous month) and the rise in the annual rate of increase in repurchase agreements (to 5.9%, from 1.2% in June). Conversely, the annual rate of growth of debt securities issued with a maturity of up to two years declined significantly (to 6.3%, from 26.3% in the previous month). The buoyant annual rate of growth of total marketable instruments included in M3 is likely to reflect, above all,

the rise in short-term market interest rates in the euro area and the associated flattening of the slope of the yield curve since January 2000. Overall, marketable instruments have been the most dynamic component of M3 in the year to date and have had a significant upward impact on broad money growth. However, it should be borne in mind that, within the current statistical framework of the Eurosystem, the amount of marketable instruments issued by MFIs and held by non-residents cannot be measured, although, in principle, it should be excluded from M3.

Growth of credit to the private sector remained high despite recent slowdown

A certain moderation in credit growth has also been observed in the past few months. The annual growth rate of total credit granted to euro area residents stood at 6.9% in July 2000, compared with 7.0% in June and 8.5% in April. The annual rates of change in credit extended to general government and to the private sector remained practically unchanged in July as compared with June, at -1.3% and 9.7% respectively, but were both lower than in April.

Among the components of credit to the private sector, the annual growth rate of loans displayed a moderate decline, to 8.9% in July 2000, from 9.3% in June and 10.3% in April, but remained at a high level. The continued relatively buoyant demand for loans from the private sector most likely reflected the strength of current economic activity and the favourable prospects for future economic growth in the euro area. Intense merger and acquisition activity in the euro area and rising property prices in some euro area countries may also be relevant factors. At the same time, some signs of a slowdown in the dynamics of loans to the private sector have been observed recently. This may well be related to the continuous increase in retail lending rates since autumn 1999 (see Charts 5 and 6). In July 2000 the six-month annualised rate of change in loans to the private sector fell to 8.9%, compared

Table 2**Loans to non-financial corporations and households ¹⁾***(end-of-period levels in EUR billions; not seasonally adjusted; annual percentage changes)*

	Non-financial corporations	Households			
			Consumer credit ²⁾	Lending for house purchase ²⁾	Other lending
Outstanding amounts					
2000 Q1	2494.3	2761.3	448.3	1729.2	583.9
Q2	2555.4	2824.5	457.7	1776.7	590.2
Annual growth rates					
1999 Q1	6.3	10.0	11.3	9.3	11.0
Q2	7.6	10.3	10.7	10.9	8.3
Q3	7.2	10.6	9.3	11.7	8.5
Q4	7.4	10.5	6.4	12.8	7.5
2000 Q1	10.4	9.2	5.9	11.8	4.6
Q2	9.7	8.9	5.8	11.3	4.3

Source: ECB.

1) Growth rates are calculated on the basis of changes in outstanding amounts, except for one reclassification in Germany. Sectors correspond to ESA 95 definitions. For further details, see footnote 1) of Table 2.5 of the "Euro area statistics" section of the ECB Monthly Bulletin and the relevant technical notes. Differences between some sub-totals and their components are due to rounding.

2) The definitions of consumer credit and lending for house purchase are not fully consistent across the euro area.

with 10.9% in June and 10.8% in April. Looking at measures of shorter-term trends, the three-month annualised percentage change in loans to the private sector declined from a high of 13.8% in March 2000 to 8.1% in June and 5.2% in July, thereby showing a significant slowdown which is not yet evident in annual growth rates. It is, however, too early to infer from this evidence that a slowdown in trend growth in loans to the private sector is under way.

The provisional quarterly data on the breakdown of loans by sector and type suggest that there was a slowdown in the annual growth rate of loans to both non-financial corporations and households in the second quarter of 2000, although to a level which can still be considered as high (see Table 2). The annual growth rate of loans to non-financial corporations was 9.7% in the second quarter of 2000, compared with 10.4% in the first quarter, while the annual growth rate of loans to households stood at 8.9% (compared with 9.2% in the first quarter of 2000). With regard to the breakdown of loans to households by purpose, the annual growth rate of consumer credit remained almost

unchanged (at 5.8%), while the annual growth rates of both lending for house purchase and other lending to households declined slightly to 11.3% and 4.3% respectively (from 11.8% and 4.6% respectively in the first quarter of 2000). Loans for house purchase remained the most dynamic segment of loans to households; this may be linked to significant rises in property prices in some euro area countries.

Turning to other counterparts of M3, the annual rate of growth in longer-term financial liabilities of the MFI sector increased slightly to 7.3% in July, from 7.1% in the previous month. Since the beginning of the year the growth of MFI longer-term liabilities has remained relatively stable in a range of between 7.1% and 7.6%.

In July 2000 the net external asset position of the euro area MFI sector decreased by €9 billion in absolute and non-seasonally adjusted terms. Over the 12 months to July 2000 the net external assets of the MFI sector declined by €128 billion (see Table 3). Data from the balance of payments available up to June 2000 suggest that these outflows were

Table 3**M3 and its main counterparts***(end-of-month levels and 12-month flows; EUR billions)*

	Amounts outstanding	12-month flows					
	2000 July	2000 Feb.	2000 Mar.	2000 Apr.	2000 May	2000 June	2000 July
1. Credit to the private sector	6,548.3	585.0	618.0	647.6	645.6	579.1	576.8
2. Credit to general government	1,970.6	53.2	20.5	14.0	-14.9	-23.2	-25.2
3. Net external assets	266.8	-125.8	-196.6	-202.8	-176.8	-108.6	-127.6
4. Longer-term financial liabilities	3,732.3	254.3	249.6	246.9	256.5	245.8	251.0
5. Other counterparts (net liabilities)	110.0	-17.5	-103.2	-88.9	-75.6	-45.5	-73.3
M3 (=1+2+3-4-5)	4,943.4	275.8	295.8	301.3	273.4	247.4	246.7

Source: ECB.

Note: Due to rounding, the sum of the counterparts of M3 may not add up to the total reported for M3.

probably related to direct and portfolio investments abroad by non-MFI euro area residents.

Overall assessment

In order to assess the overall liquidity situation in the euro area, medium-term developments in M3 are of particular importance. M3 grew at a rapid pace in 1999 and early 2000. M3 growth has exceeded the reference value considerably since the start of 1999. The narrow aggregate M1, which comprises those components of M3 which can be used immediately for transactions, displayed annual growth rates of, on average, close to 12% between the start of 1999 and April 2000. This is well above the long-term average (of 7% from the end of 1980 to the end of 1998). Finally, since the start of 1999 annual rates of growth of loans to the private sector have also been well above the long-term average (the average annual rate of growth was close to 7½% from December 1982 to December 1998, compared with almost 10% from the start of 1999 to April 2000). Over the past three or four months a certain moderation in the pace of growth of all of these variables has been observed. However, it is too early to interpret this as a more fundamental change in growth dynamics. Overall, it can be concluded that liquidity in the euro area continued to be ample up to July. Therefore, the risks to price stability

stemming from the monetary side remained on the upside.

Looking ahead, it remains to be seen whether the signs of moderation in money and credit growth described above will be confirmed by the data for the coming months. The main determinants of these variables, nominal expenditure growth and interest rates, might exert conflicting pressures in the near future. The favourable outlook for growth in the euro area (see the “Output, demand and labour market developments” section of this issue of the ECB Monthly Bulletin) will continue to stimulate the demand for M1 and M3 for transaction purposes. Moreover, the expected strong growth of business investment and household consumption should contribute to a continuing robust demand for loans from non-financial corporations and households. At the same time, however, the full impact of the past increases in short-term interest rates on the expansion of both money and credit is not yet evident.

When interpreting monetary and credit data in the coming months it will be necessary to exercise some caution, since these variables are likely to be affected by the financial flows triggered by recent UMTS (Universal Mobile Telecommunications System) auctions. Box I gives an overview of the effects to be expected on M3 and its counterparts and also discusses the effects on bond markets.

Box 1

Implications of the UMTS auctions for monetary and financial developments

Many governments of euro area countries are currently organising the sale of third-generation UMTS (Universal Mobile Telecommunications System) mobile telephone licences. In Finland and Spain the licences were allocated free of charge or for a very modest fee; the auction in the Netherlands, which was completed in July 2000, raised €2.5 billion. The German auction for UMTS licences finished on 18 August 2000, with the proceeds reaching a total of €50.8 billion. In view of the significant amounts of funds involved, this box takes the German case as an example and elaborates on the expected implications for developments in M3 and its counterparts and for the bond markets.

Impact on euro area M3 and its counterparts

The financial flows triggered by the German UMTS auction will be reflected in euro area M3 and its counterparts from the August data onwards. The payments of the licence fees to the German Government were due at the start of September. While most firms waited until that date to make the payments, some funds had already been transferred by the end of August. Regarding the sources of financing, it can be assumed that firms relied on their own funds, bank loans and funds raised via bond issuance or new capital. Some of the funds were probably transferred from outside the euro area. As firms most likely had to hold some funds in the form of short-term assets shortly before the payments were due, the possibility of a slight upward effect on M3 in the August data cannot be ruled out. Furthermore, the data for loans to the private sector and net external assets of the MFI sector (reflecting transfers of funds from outside the euro area) are likely to be affected from August onwards.

The transfer of the proceeds to the German Government implies, *inter alia*, a shift of deposits from the private sector to the central government sector. As the deposits of central government are not included in monetary aggregates (since they do not usually exhibit a close relationship to government spending behaviour), this transfer implies, *ceteris paribus*, a reduction in M3. The German Government announced that it will use the licence fees exclusively for the redemption of debt. However, the greater part of these redemptions cannot be carried out immediately. The major transaction foreseen, for example, is the redemption of €33 billion of a floating rate note relating to the Currency Conversion Equalisation Fund, which will not take place until the start of 2001. The redemption of debt by the German Government will most likely be reflected, in particular, in a decrease in the deposits held by central government and in credit to general government. However, this should not be expected to have a significant effect on M3, because a large proportion of the government debt to be redeemed is held by MFIs.

All in all, it is quite possible that the M3 data in August, and other items of the consolidated balance sheet of the MFI sector for some time, will be affected by transactions relating to the UMTS auction. Consequently, due caution should be exercised when interpreting these data in the coming months.

Impact on bond markets

Bond markets have been influenced in recent months by expectations of shifts in relative supplies of government and corporate bonds related to the UMTS transactions. In particular, expectations of dwindling supplies of government bonds and increasing supplies of corporate bonds have prompted a widening of spreads between government and corporate bond yields, as well as between yields on government bonds and swap rates (see Box 3 in this issue of the ECB Monthly Bulletin). To the extent that proceeds from future UMTS auctions in other euro area countries exceed market expectations, this is likely to put further upward pressure on yields in the corporate bond market as well as additional downward pressure on government bond yields and, hence, bring about a further widening of spreads.

The amounts reached in the bidding process exceeded initial market expectations. It is likely that the yields on corporate bonds issued by telecommunications companies are being affected by additional risk premia in connection with the increase in the leveraging of these firms. In addition, concerns might have increased among investors that the amounts paid by successful bidders may have been excessive in relation to the earnings which are expected to be generated from the licences. This type of influence has been particularly apparent in the downgrading of credit ratings of telecommunications companies and in recent declines in the stock prices of successful bidders.

Relatively low net issuance of debt securities in June

In June 2000 the gross issuance of debt securities by euro area residents totalled €345.5 billion. This was significantly higher than gross issuance in June 1999 (€294.1 billion) and the average monthly gross issuance over the previous 12 months (€331.4 billion). With redemptions in June 2000 amounting to €314.5 billion, net issuance in June was €31.1 billion (see Chart 4). This was significantly lower than net issuance in June 1999 (€41.2 billion) or the average over the previous 12 months

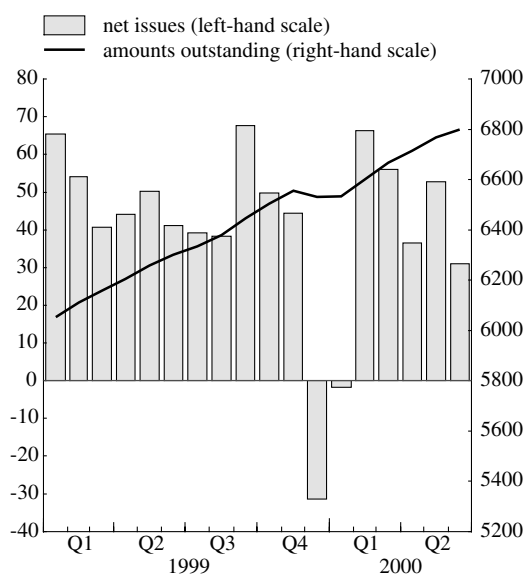
(€38.3 billion). As a result, the annual growth rate of the amount outstanding of debt securities issued by euro area residents, which started to decline in March 2000, fell further to 7.9% in June, from 8.1% in May.

The relatively subdued net issuance activity largely reflected the fact that there were net redemptions of debt securities at short-term maturities in June (€0.7 billion). These net redemptions may reflect the rise in short-term interest rates and the associated flattening of the yield curve. Nevertheless, mainly owing to base effects (i.e. large net redemptions in June 1999) the annual growth rate in the amount outstanding of short-term debt securities issued by euro area residents increased from 12.8% in May 2000 to 15.2% in June. At the same time, against a background of relatively stable long-term interest rates, net issuance activity at longer-term maturities continued at a similar pace to that seen over the previous 12 months (€31.8 billion compared with a 12-month average of €32.1 billion). The annual growth rate of the amount outstanding of long-term debt securities issued by euro area residents declined from 7.6% in May 2000 to 7.2% in June.

The sectoral breakdown reveals that gross issuance of debt securities by non-financial corporations remained strong in June 2000. The annual growth rate of the amount outstanding of debt securities issued by this sector increased from 14.3% in May 2000 to 16.3% in June. At the same time, the MFI sector continued to contribute a significant proportion of net debt securities issuance in the euro area. The annual rate of increase in the amount outstanding of euro-denominated

Chart 4
Debt securities issued by euro area residents

(EUR billions)



Source: ECB.

Note: Net issues differ from the change in amounts outstanding owing to valuation changes, reclassifications and other adjustments.

debt securities issued by the MFI sector remained robust in June 2000 at 11.1%, compared with 10.9% in May. Concerning other private sector issuers, the annual rate of increase in the amount outstanding of debt securities issued by non-monetary financial corporations decreased from 34.7% in May 2000 to 17.6% in June. The decline in the annual growth rate of this sector was mainly a result of base effects.

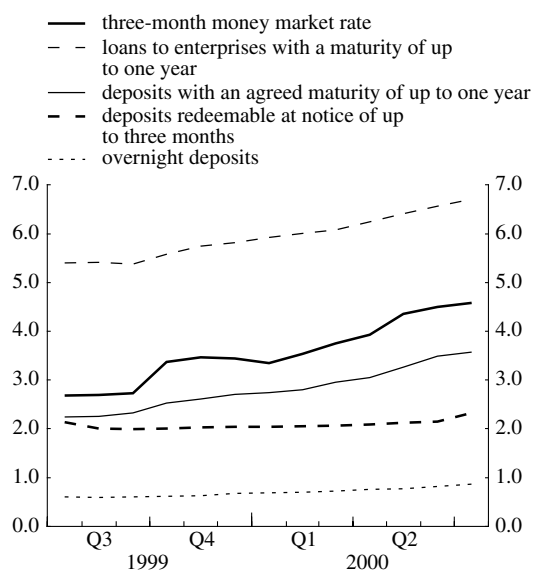
With regard to debt securities issuance by the public sector, the annual growth rate of the amount outstanding of debt securities issued by central government increased from 3.3% in May 2000 to 3.5% in June. In the case of other parts of general government, the growth rate declined from 3.9% in May 2000 to 3.6% in June. Compared with the private issuing sectors, the growth of issuance by the public sector remained subdued and the exceptional public revenues related to one-off proceeds of UMTS licence auctions (see Box 1) are likely to compound this pattern in the future.

Retail bank interest rates increased slightly further in July

At shorter maturities, retail bank interest rates in the euro area continued to increase in line with the general upward trend in money market interest rates in July 2000 (see Chart 5). The average interest rate on overnight deposits increased by 5 basis points in July to 0.9%. Other short-term retail bank interest rates increased, on average, by between 8 and 17 basis points in July. Considering developments over the 12-month period from July 1999 to July 2000, the average rates on deposits with an agreed maturity of over three months and on loans to enterprises with a maturity of up to one year both rose by around 130 basis points. At the same time, smaller increases have taken place in the average rates on deposits with a maturity of up to three months and on overnight deposits, amounting to 18 and 27 basis points respectively. Partly reflecting lags in the transmission of short-term market

Chart 5
Short-term retail bank interest rates and a comparable market rate

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

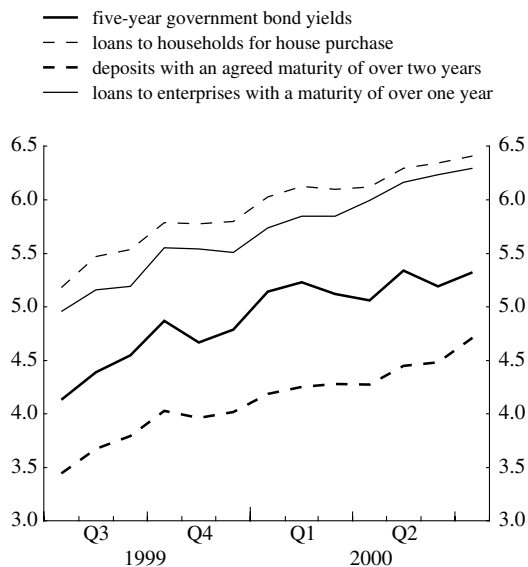
interest rates to retail bank interest rates, changes in short-term retail rates have been smaller than the 190-basis point increase in three-month money market interest rates which took place between July 1999 and July 2000.

Long-term retail bank interest rates also edged higher in July 2000 (see Chart 6). As in June, the increases were generally smaller than those seen at short-term maturities. This seemed partly to reflect the flattening of the yield curve at longer maturities in recent months. The average interest rate on deposits with an agreed maturity of more than two years increased by 23 basis points in July to 4.7%. The average interest rates on loans to households for house purchase and loans to enterprises of over one year increased by 7 and 6 basis points, respectively, to slightly above 6.4% and almost 6.3% in July 2000. Considering developments in long-term retail bank interest rates over the 12-month period from July 1999 to July 2000, substantial increases occurred, broadly in line with developments in long-term capital market

Chart 6

Long-term retail bank interest rates and a comparable market rate

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

interest rates over the same period. By July 2000 the average rates on loans to households for house purchase and loans to enterprises of over one year were 123 and 133 basis points respectively above the levels prevailing in July 1999, while over the same period the five-year government bond yield had increased by almost 120 basis points.

Money market interest rates rose in August

Money market interest rates, which had remained broadly stable for several weeks following the increase of 50 basis points in ECB interest rates on 8 June 2000, began to rise again around the middle of August. This rise reflected financial market anticipation of the decision by the Governing Council to raise the ECB interest rates on 31 August. In mid-September short-term market rates up to the three-month maturity traded close to 25 basis points above the levels seen in late July.

The overnight interest rate, as measured by the EONIA, remained at levels around 4.3% during most of the reserve maintenance period ending on 23 August (see Box 2). With the start of the new reserve maintenance period on 24 August, the EONIA increased markedly, reflecting financial market expectations of an imminent increase in ECB interest rates. On the last few days before the announcement of the increase of 25 basis points in ECB interest rates on 31 August, the EONIA stood at around 4.7%, suggesting that some market participants were expecting an increase in ECB interest rates of more than 25 basis points. After the announcement on 31 August the EONIA fell to around 4.6% and remained close to this level until 13 September.

The pattern of short-term money market rates (which in turn reflected market expectations of the evolution of ECB interest rates) influenced banks' bidding behaviour in the main refinancing operations of the Eurosystem, which are conducted as variable rate tenders. After remaining fairly close to 4.3% in the operations settled in early August, the marginal and average interest rates of allotment increased markedly in the operations settled in the second half of the month. The marginal and average interest rates of allotment were, respectively, 4.47% and 4.50% in the operation settled on 23 August and 4.68% and 4.71% in the operation settled on 30 August. After the announcement by the ECB of an increase of 25 basis points in the minimum bid rate, the marginal and average interest rates of allotment fell to 4.55% and 4.57% respectively in the operation settled on 6 September and remained close to these levels in the operation settled on 13 September.

Although market rates deviated from the minimum bid rate of the ECB in the second half of August, the ECB did not attempt at the time to exert a significant influence on the marginal and average interest rates of its auctions through its allotment policy, since any notable changes to these rates would have necessitated the injection of an

Box 2**Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 August 2000****Allotments in monetary policy operations**

During the reserve maintenance period which lasted from 24 July to 23 August 2000, the Eurosystem settled five main refinancing operations and one longer-term refinancing operation.

The main refinancing operations were carried out as variable rate tenders with a minimum bid rate of 4.25%. The allotted volumes ranged between €45 billion and €118 billion. The amounts of bids submitted varied between €172.3 billion and €218.1 billion, with an average of €195.2 billion. The marginal rate was stable at around 4.30% in the first three operations, and increased to 4.35% in the operation conducted on 14 August and to 4.47% in the last operation of the period. The weighted average rate was 4.31% in the first three operations and subsequently increased to 4.37% and 4.50% in the following two operations. The number of bidders participating in the tenders was between 590 and 786.

On 26 July 2000 the Eurosystem conducted a longer-term refinancing operation through a variable rate tender with a pre-announced allotment volume of €15 billion. A total of 235 bidders participated in the operation and submitted a total amount of bids of €40.8 billion. The marginal rate of the operation was 4.59%, while the weighted average rate was 1 basis point higher at 4.60%.

Until 10 August 2000 the EONIA had remained very stable at a level of around 4.33%. Only on 31 July was it significantly above this level, namely at 4.45%, reflecting a regular end-of-month calendar effect. As from 11 August, increasing expectations of a rise in ECB interest rates, combined with temporarily tight liquidity conditions, put upward pressure on the EONIA, which increased by a few basis points. However, the market perception changed again as from 18 August, also reflecting eased liquidity conditions, and on 23 August the EONIA finally dropped to 4.08%, as the comfortable liquidity situation became obvious during the last day of the reserve maintenance period.

Contributions to the banking system's liquidity

(EUR billions)

Daily average during the reserve maintenance period from 24 July to 23 August 2000

	Liquidity providing	Liquidity absorbing	Net contribution
(a) Monetary policy operations of the Eurosystem	218.6	0.3	+ 218.4
Main refinancing operations	163.1	-	+ 163.1
Longer-term refinancing operations	55.4	-	+ 55.4
Standing facilities	0.1	0.3	- 0.1
Other operations	0.0	0.0	0.0
(b) Other factors affecting the banking system's liquidity	382.0	488.1	- 106.0
Banknotes in circulation	-	359.2	- 359.2
Government deposits with the Eurosystem	-	48.8	- 48.8
Net foreign assets (including gold)	382.0	-	+ 382.0
Other factors (net)	-	80.0	- 80.0
(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)			112.4
(d) Required reserves			111.8

Source: ECB.

Totals may not add up due to rounding.

Compared with the previous reserve maintenance period, the average daily use of the marginal lending facility decreased from €0.4 billion to €0.1 billion, while the average use of the deposit facility decreased from €0.5 billion to €0.3 billion.

Liquidity factors not related to monetary policy

The net liquidity-absorbing impact of the autonomous factors (i.e. the factors not related to monetary policy) on the banking system's liquidity (item (b) in the table above) was €106 billion on average, i.e. €2.4 billion more than in the previous reserve maintenance period. The daily sum of autonomous factors fluctuated between €99.8 billion and €119.9 billion.

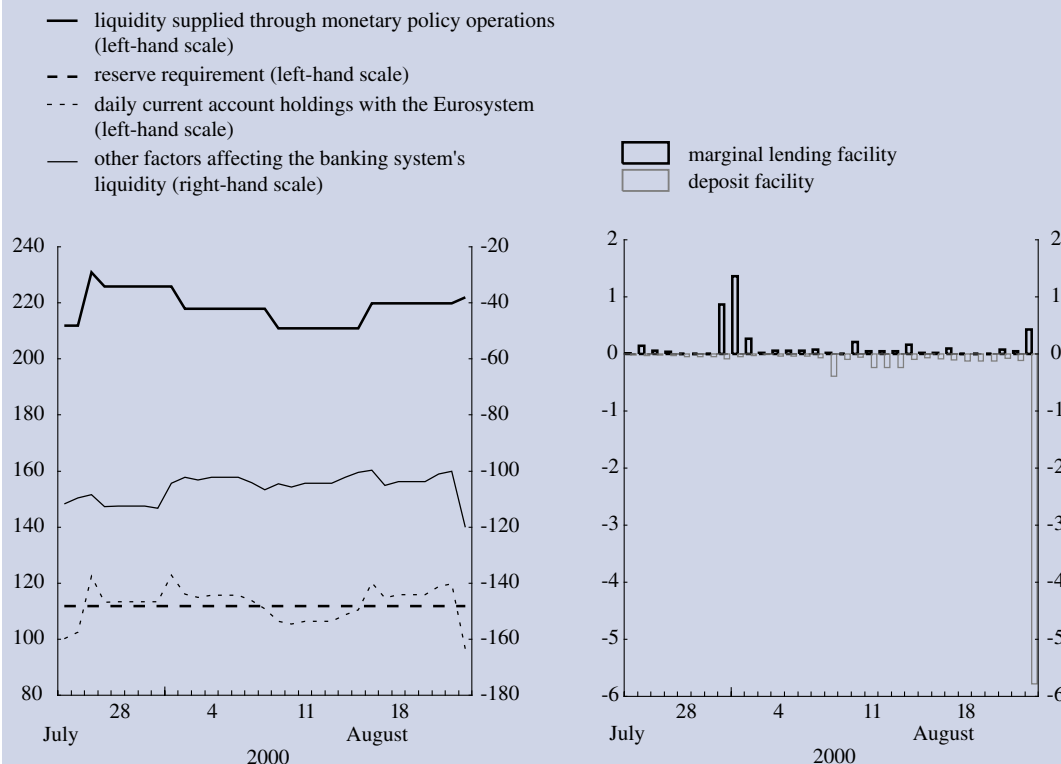
The published estimates of average liquidity needs, stemming from autonomous factors, ranged between €113.1 billion and €102.6 billion. They differed from the ex post figures by an amount ranging from plus €1.1 billion to minus €2.3 billion.

Current account holdings of counterparties

The average current account holdings amounted to €112.4 billion, and reserve requirements to €111.8 billion. The difference between the two amounted to €0.6 billion, which was €0.2 billion less than in the previous reserve maintenance period. This decline was caused by a decrease in the excess reserves from around €0.6 billion to €0.4 billion. An amount of €0.2 billion of the current account holdings did not contribute to the fulfilment of reserve requirements.

Factors contributing to the banking system's liquidity during the maintenance period ending on 23 August 2000

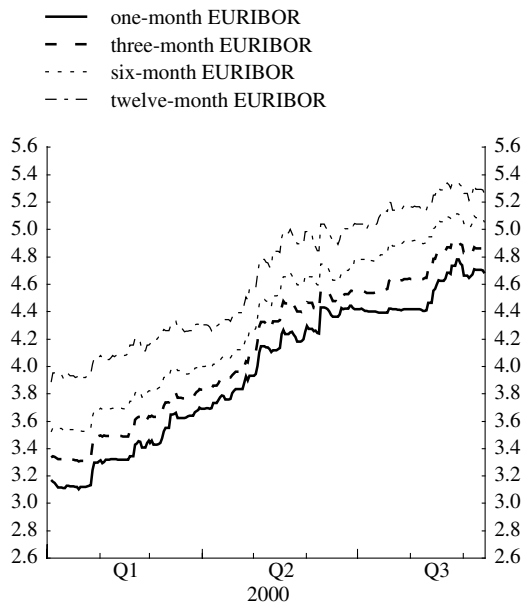
(EUR billions; daily data)



Source: ECB.

Chart 7
Short-term interest rates in the euro area

(percentages per annum; daily data)



Source: Reuters.

undesirably high volume of liquidity into the euro area. The significant deviation between the marginal rate and the minimum bid rate towards the end of August was only a short-lived episode in the run-up to the raising of the minimum bid rate by the ECB. The fact that the marginal rate once again came very close to the minimum bid rate in early September showed that the minimum bid rate was correctly understood by the markets as the major pointer to money market rates at the short end of the yield curve.

In the longer-term refinancing operation of the Eurosystem settled on 31 August 2000, the marginal and average interest rates of allotment were equal to 4.84% and 4.87% respectively. This was 5 and 2 basis points respectively below the three-month EURIBOR prevailing on the day the operation was conducted.

Other money market rates followed a similar pattern of gradual increases from around the middle of August. On 13 September the one-month and three-month EURIBOR rates were

equal to 4.68% and 4.85% respectively, 26 and 21 basis points higher than at the end of July. The corresponding changes in the six-month and twelve-month rates were 13 and 8 basis points respectively. Hence, the upward slope of the money market yield curve became less pronounced over the period (see Chart 7).

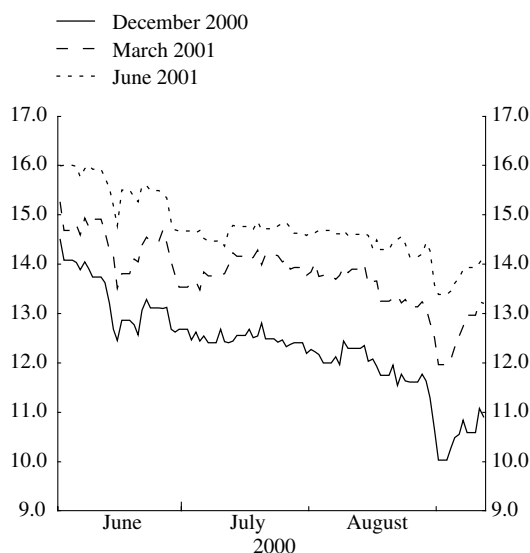
Financial markets' interest rate expectations for the remainder of 2000 and the first half of 2001, as reflected in the three-month EURIBOR implied in futures prices on contracts with a delivery date during this period, were little changed over recent months. On 13 September the three-month EURIBOR rates implied in contracts maturing in December 2000 and March and June 2001 were equal to 5.22%, 5.26% and 5.32% respectively. This was slightly below the levels at the end of July.

The volatility of the three-month EURIBOR implied in options on futures contracts maturing in December 2000 and March and June 2001 has been falling since the end of May. This may signal a gradual decline in market participants' uncertainty about the level of the three-month EURIBOR in the first half of 2001. The decrease was fairly moderate between the end of July and the decision to increase ECB interest rates on 31 August. Volatility fell more markedly during the first few days of September, following the increase in ECB interest rates on 31 August, but a large part of this fall was subsequently reversed (see Chart 8).

Long-term bond yields remained stable in August

Continuing a pattern that has been prevailing in euro area bond markets since the beginning of 2000, long-term government bond yields remained broadly stable in August and early September 2000 (see Chart 9). In fact, throughout the first eight months of 2000 the average euro area ten-year bond yield fluctuated within a relatively narrow range of between around 5.25% and 5.75%. With

Chart 8
Implied volatilities from options on three-month EURIBOR futures



Source: Bloomberg.

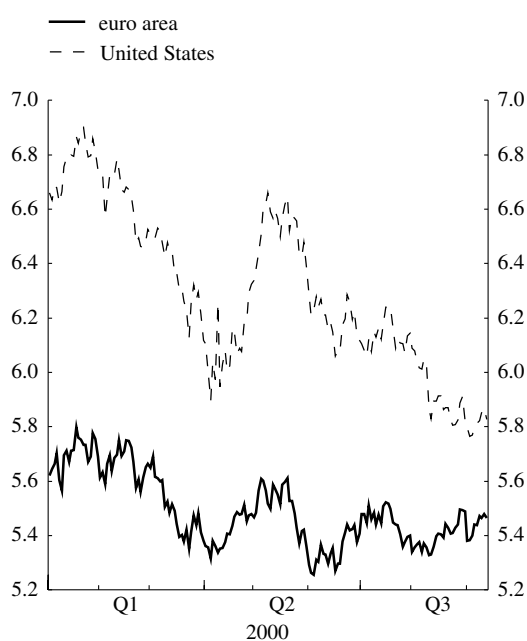
regard to developments in recent weeks, the average euro area ten-year bond yield increased only marginally between end-July 2000 and 13 September, to stand at 5.46% on the latter date. By contrast, in US bond markets ten-year government bond yields declined by more than 30 basis points between end-July and 13 September. As a result of these contrasting developments in US and euro area government bond markets, the differential between US ten-year bond yields and comparable yields in the euro area narrowed by almost 40 basis points in the course of August and early September. It reached around 35 basis points on 13 September, which was the lowest level of this differential observed since late 1998 (see Box 3 for a further analysis of recent developments in the bond yield differential between the United States and the euro area).

The international environment for euro area bond markets during August and early September 2000 was characterised by contrasting developments in the major bond markets outside the euro area. In the United States, ten-year government bond yields

stood at around 5.8% on 13 September, following a significant fall since the end of July 2000. The recent decline represents the continuation of a downward tendency in US government bond yields which has been evident, with only temporary interruptions, since the beginning of 2000. By 13 September the ten-year government bond yield in the United States had fallen by around 110 basis points from the peak level reached in mid-January 2000.

The overall declining trend in US government bond yields in the course of 2000 seemed mainly to reflect two factors. These factors were, first, the appearance of a “scarcity premium” in early 2000 and, second – more recently – a gradual shift in investor confidence that a “soft landing” scenario will emerge, in which the US economy will undergo a gradual slowdown. The scarcity premium, which at times seemed to place considerable downward pressure on US bond

Chart 9
Long-term government bond yields in the euro area and the United States
(percentages per annum; daily data)



Source: Reuters.

Note: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity.

yields, was the result of the US Treasury's plans to buy back outstanding bonds prior to maturity (see Box 3). While this effect seems to have been particularly strong in the first quarter of 2000, the ongoing buyback programme of the US Treasury, as well as further indications of an improving fiscal situation in the United States, have caused further, albeit less pronounced, downward pressure on US government bond yields. However, more recent declines in US bond yields appear to have resulted primarily from a build-up of confidence among market participants that the pace of US economic activity is decelerating gradually towards growth rates at which inflationary pressures will remain contained. In August and early September 2000 a number of data releases seemed to convince the market of this view, including weaker than expected business confidence indicators, an unexpected increase in unemployment and higher than expected productivity figures, thereby placing downward pressure on bond yields. Furthermore, the decision by the Federal Open Market Committee (FOMC) of the Federal Reserve to leave key interest rates unchanged in August was seen by the markets as a further sign that a gradual slowdown in the US economy is under way.

For most of the first eight months of 2000, Japanese government bond yields have remained very low, within a range of between 1.6% and 1.9%. Contrasting developments have been seen recently, as government bond yields increased markedly in August and early September with 10-year bond yields, at times, reaching almost 2% or the highest levels seen in over a year. All in all, however, between end-July and 13 September Japanese ten-year bond yields increased by almost 20 basis points, reaching a level of almost 1.9%. Part of this increase occurred in early August, as speculation mounted among investors that the Bank of Japan would end its zero interest rate monetary policy by raising interest rates. In fact, the Bank of Japan's decision of 11 August 2000 to raise its target for the uncollateralised overnight call rate by 25 basis points was largely anticipated by financial

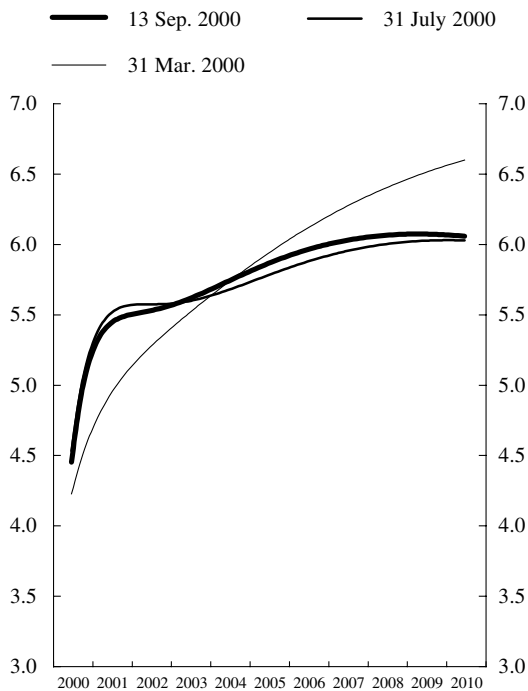
markets, and increases in bond yields in response to the announcement were therefore only marginal. Subsequently, however, indications that the pace of economic activity in the second quarter of 2000 might have been higher than originally expected by market participants placed further upward pressure on Japanese bond yields.

While in the euro area the overall change in the level of long-term bond yields in August and early September 2000 was limited, there were some fluctuations within the period. Indeed, bond yields displayed a gradual, albeit limited, increase in the second half of August, which seemed to be, at least in part, linked to increasing oil prices and a weakening of the exchange rate of the euro. However, bond yields subsequently fell back to the levels seen in early August against the background of substantial declines in US bond yields. The immediate reaction of euro area bond markets to the announcement on 31 August that ECB interest rates were to be increased by 25 basis points was very limited, which seemed to suggest that the decision was largely anticipated by the bond market.

The slope of the euro area yield curve, as measured by the difference between euro area ten-year government bond yields and the three-month EURIBOR, flattened further during August and early September following the rise in short-term interest rates. Specifically, this measure of the yield curve slope declined by around 15 basis points between the end of July and 13 September, to stand at slightly above 60 basis points on the latter date. The almost uninterrupted decline in the slope of the yield curve since the beginning of 2000 has brought it down to levels not seen since the introduction of the euro. The levelling-off of the yield curve slope in 2000 has resulted almost entirely from rising short-term money market interest rates, since, as noted above, overall changes in long-term bond yields between end-1999 and early September 2000 were minor. Expectations of further rises in short-term interest rates in the months ahead continue to be reflected in the current shape of the

Chart 10
Implied forward euro area overnight interest rates

(percentages per annum; daily data)



Source: ECB estimation. The implied forward yield curve, which is derived from the term structure of interest rates observed in the market, reflects the market expectation of future levels for short-term interest rates. The method used to compute these implied forward yield curves was outlined on page 26 of the January 1999 issue of the ECB Monthly Bulletin. The data used in the estimation are derived from swap contracts.

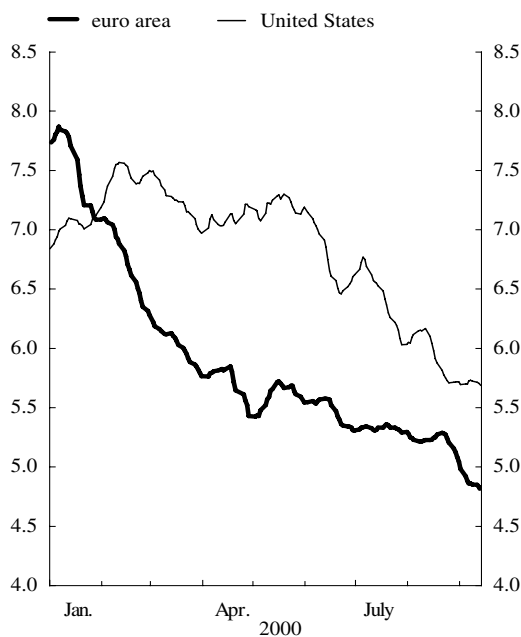
implied forward euro area overnight interest rate curve (see Chart 10).

Recent developments in the slope of the yield curve should be interpreted with due care since factors such as the ongoing UMTS auctions or spillovers from US bond markets seem to have influenced interest rates at the long end of the euro area yield curve, hence complicating the interpretation of changes in the slope. This notwithstanding, the fact that long-term bond yields have been broadly stable over recent months, despite the flattening of the yield curve, suggests that market expectations of the longer-term prospects for economic activity in the euro area have remained optimistic.

The stability observed in euro area bond markets in recent weeks seems to have been coupled with a decline in the perceived degree of uncertainty with regard to the short-term outlook for long-term government bond yields in the euro area. This was reflected by developments in the volatility implied by options on ten-year German Bund futures in August and early September (see Chart 11). In this period, implied volatility continued along the declining trend which has been evident since the beginning of 2000, thereby reaching the lowest level seen since April 1999. This development is consistent with a decline in market participants' perceived degree of uncertainty with regard to underlying fundamentals, such as expected inflation and real interest rates, in the euro area.

Chart 11
Implied volatility for futures contracts on the ten-year German Bund and the ten-year US Treasury note

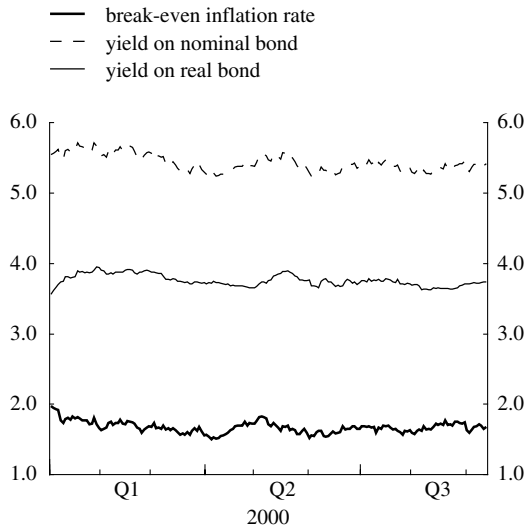
(percentages per annum; ten-day moving average of daily data)



Source: Bloomberg.
 Note: The implied volatility series represent the nearby implied volatility on the near contract generic future, rolled over 20 days prior to expiry, as defined by Bloomberg. This means that 20 days prior to expiry of the contracts, a change in the choice of contract used to obtain the implied volatility is made, from the contract closest to maturity to the next contract.

Chart 12
Break-even inflation rate calculated for the French CPI

(in percentages; daily data)



Sources: French Treasury, ISMA and Reuters.
 Note: The real bond yields are derived from the market prices of French bonds which are indexed to the French CPI (excluding tobacco prices) and which mature in 2009. The nominal bond yields are derived from the market prices of French fixed income bonds which also mature in 2009.

Similarly to developments in nominal government bond yields, the French index-linked bond market has been characterised by a high degree of stability throughout this year. The ten-year real yield available in this market stood at around 3.75% on 13 September, which was close to the value recorded at the end of July, and also close to the levels seen at the beginning of 2000. The stability in nominal and real long-term interest rates meant that the ten-year “break-even” inflation rate derived from the difference between French nominal and index-linked bonds was also broadly stable during this period. On 13 September the ten-year break-even inflation rate stood at around 1.7%, which was slightly higher than the level prevailing at the end of July (see Chart 12). From a longer-term perspective, the ten-year break-even inflation rate has mostly fluctuated within a relatively narrow range of between 1.5% and 2.0% since mid-1999. Abstracting from the potential influence of time-varying premia and other well-known caveats, this stability

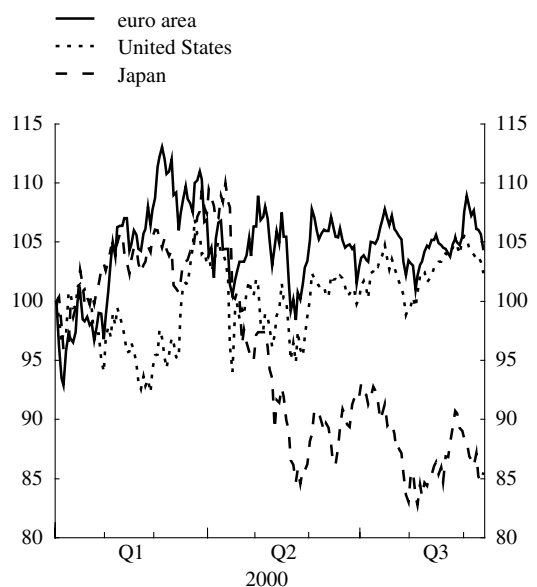
would tend to suggest that market participants have not significantly revised their long-term average inflation expectations in the course of this period.

Major stock markets showed increases in August

Continuing a pattern which became apparent in June 2000, volatility in major international stock markets continued to decline in August and early September against a background of increasing confidence among market participants that the US economy is heading for a soft landing. In these calmer market conditions, stock prices increased in the major stock markets during August and early September. In the euro area, stock prices as measured by the Dow Jones EURO STOXX index increased by close to 1% between end-July and 13 September. In the United States and Japan stock prices showed larger increases, with the Standard and Poor's 500

Chart 13
Stock price indices in the euro area, the United States and Japan

(index: 1 January 2000 = 100; daily data)



Source: Reuters.
 Note: Dow Jones EURO STOXX broad (stock price) index for the euro area, Standard and Poor's 500 for the United States and Nikkei 225 for Japan.

Box 3

Recent developments in long-term interest rate differentials between the United States and the euro area

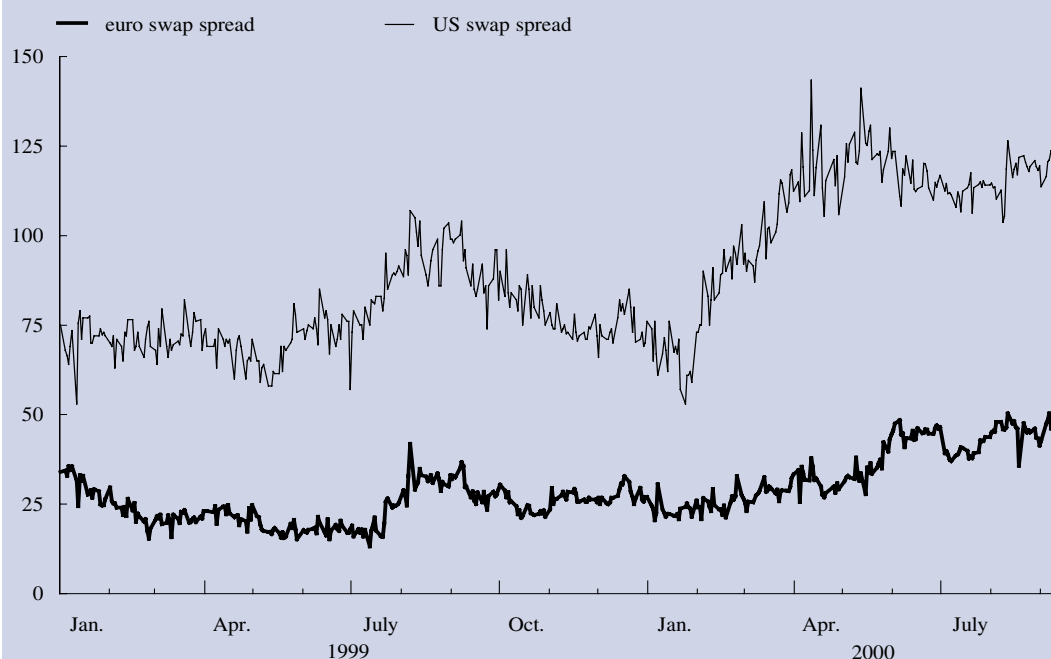
The impact of government bond buybacks on the information content of interest rate differentials

In recent months the long-term interest rate differential between the United States and the euro area has been narrowing considerably. Between the end of 1999 and early September 2000, the spread between US and euro area ten-year government bond yields narrowed by approximately 60 basis points (see Chart 9), reaching the lowest levels observed since the introduction of the euro. Apart from reflecting shifts in market perceptions of relative growth prospects and inflation expectations in the United States and the euro area, recent developments in government bond yield differentials also seem to have been caused by changes in the actual and expected supply of government bonds, following the announcement of bond buyback schemes in the United States and, more recently, in the euro area. Specifically, government bond yields have been subject to downward pressure as a result of a “scarcity premium”, as investors have increasingly been expecting the supply of government bonds to dwindle. Since this scarcity premium effect appears to have influenced US and euro area bond yields in different ways or at different times, the information content of government bond differentials with regard to expectations of underlying fundamentals may recently have been distorted to some extent.

In order to illustrate the effect of the scarcity premium on government bond yields, it is useful to study recent developments in swap spreads, i.e. the differential between the fixed rate on an interest rate swap contract (the “swap rate”) and the yield on a government bond with a comparable time to maturity (see the article entitled “The information content of interest rates and their derivatives for monetary policy”, published in the May 2000 issue of the ECB Monthly Bulletin). While swap rates are potentially subject to premia related to credit and liquidity risk, as well as to other factors which are likely to be different from corresponding premia for government bond yields, they should not be directly influenced by expectations of declining government bond supply resulting from bond buyback programmes. As can be seen in Chart A below, the US ten-year swap

Chart A: Ten-year swap spreads in the United States and the euro area

(basis points)



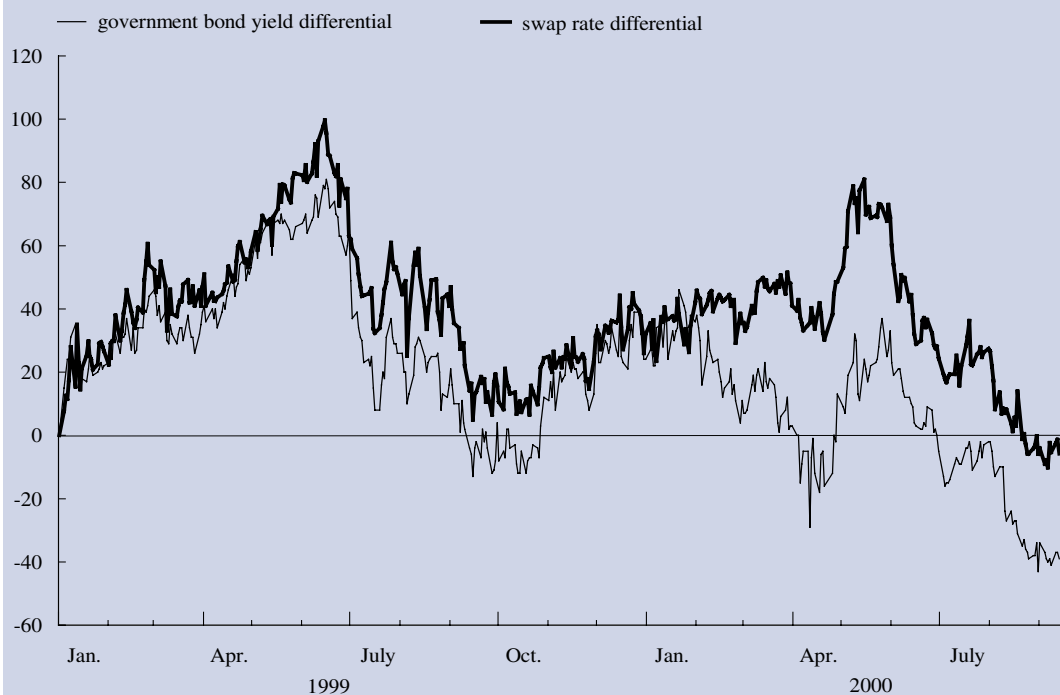
Sources: Bloomberg and ECB calculations.

spread widened rather sharply in early 2000. This pronounced change in the difference between US swap rates and government bond yields coincided with the announcement by the US Treasury that it intended to scale back the issuance of government bonds and implement a buyback programme for outstanding bonds. By contrast, the euro area swap spread remained broadly stable until later in the spring. The slight and gradual increase in the differential between euro area swap rates and government bond yields which took place thereafter seemed at least partly to have been linked to expectations of declining government bond supply in the euro area, as a result of expected proceeds from the sale of third-generation UMTS (Universal Mobile Telecommunications System) licences in individual euro area countries (see Box 1 in this issue of the ECB Monthly Bulletin). Again, it should be emphasised that this conjecture does not take into account effects stemming from possible changes in the market perception of aggregate credit risk or variations in other premia.

In view of the impact of the scarcity premium on government bond yields in the euro area and the United States, it is useful to assess to what extent the government bond yield differential between the United States and the euro area may have been distorted recently. A simple way of examining this issue is to compare developments in the bond yield spread with the corresponding differential between US and euro area swap rates. Since, as mentioned above, swap rates should not be influenced by expectations of a declining government bond supply resulting from bond buyback programmes, recent developments in the swap rate differential between the United States and the euro area may provide additional information regarding underlying economic fundamentals.

Chart B displays the evolution of the cumulative changes in the ten-year government bond yield differential and the swap rate differential between the United States and the euro area relative to the levels prevailing at the end of 1998. As demonstrated in the chart, the bond yield differential and the swap rate differential

Chart B: Changes in the ten-year government bond yield differential and swap rate differential between the United States and the euro area, relative to end-1998 levels
(basis points)



Sources: Bloomberg and ECB calculations.

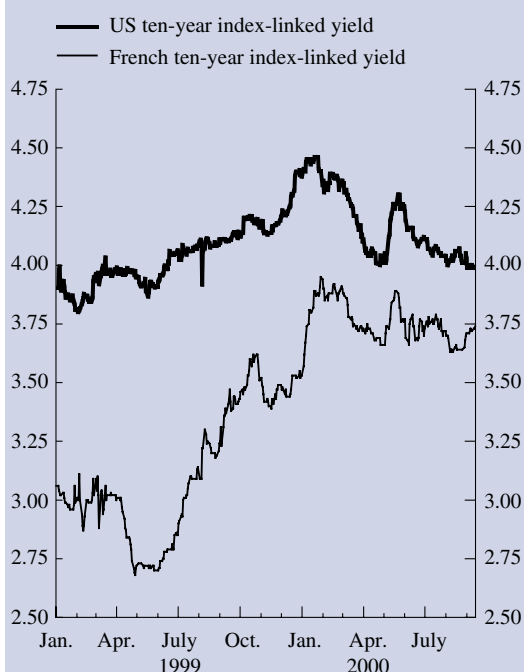
evolved in a broadly similar manner up to the first few weeks of 2000. Subsequently, the government bond differential dropped sharply. By contrast, the swap rate differential remained broadly stable during the first quarter of 2000 and, as a result, the bond yield differential diverged markedly from the swap rate differential. This divergent development, which to a large extent seemed to reflect the aforementioned impact of the US Treasury bond buyback announcement, therefore appears to have distorted the information content of the government bond differential in early 2000. However, Chart B also clearly shows that as from around April 2000 the government bond differential and the swap rate differential started to evolve along very similar paths again. In particular, following a brief period of widening differentials in April and early May 2000, reflecting both fundamental factors and a reassessment among investors of the likely long-term impact of government bond buybacks, the two differentials have been narrowing significantly, although the difference between these two differentials has remained larger than at the beginning of 2000. Hence, with the exception of the first few months of 2000, developments in the government bond yield differential and the swap rate differential seem to paint a similar picture with regard to changes in expectations of underlying fundamentals.

Factors behind developments in the interest rate differential between the United States and the euro area

In order to assess which fundamental factors may lie behind the observed developments in the interest rate differential between the United States and the euro area, broadly speaking and abstracting from risk premia considerations, the interest rate differential can be broken down into two components. One component reflects the difference in real interest rates required by investors for holding US and euro area bonds until they mature, which in turn could be seen as being related to relative real growth prospects. The other component reflects compensation for the average expected inflation rate in the respective economies during the life of the bonds. In this regard, the information available from index-linked bond markets, and the

Chart C: French and US ten-year index-linked bond yields

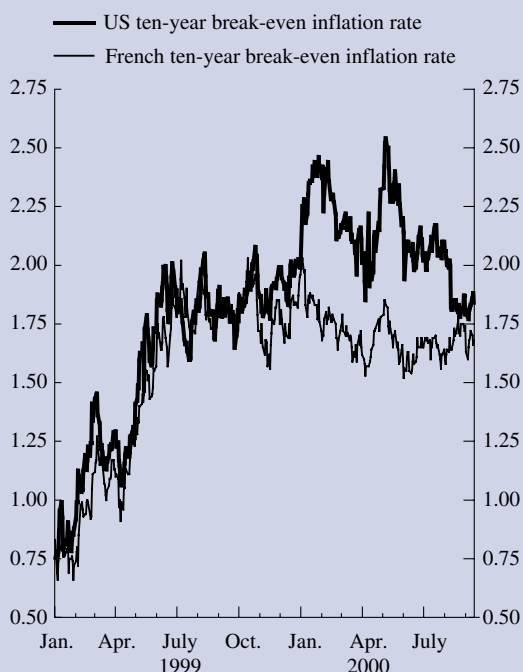
(percentages per annum; daily data)



Source: Reuters.

Chart D: French and US ten-year break-even inflation rates

(percentages per annum; daily data)



Source: Reuters.

relative pricing of nominal and index-linked bonds, may provide useful indications as to the likely sources of changes in interest rate differentials between the United States and the euro area. Index-linked bonds have been issued by the US Treasury and, within the euro area, by the French Treasury. While subject to a number of well-known caveats, developments in French index-linked bond yields and break-even inflation rates are frequently used as a proxy for changes in expectations regarding long-term real rates and inflation for the euro area as a whole.

Looking at developments over a longer horizon, Charts C and D suggest that between mid-1999 and September 2000 the primary source of changes in the nominal interest rate differential between the United States and the euro area was a considerable narrowing of the difference between US and euro area long-term real interest rates. At the same time, developments in the break-even inflation rates suggest that the differential between long-term inflation expectations in the United States and the euro area remained virtually unchanged when comparing mid-1999 with September 2000, while undergoing some volatility during the first few months of 2000. Thus, the general picture since the middle of 1999 remains that the evolution of the long-term nominal interest rate differential is consistent with bond market expectations of a strengthening of the relative growth prospects of the euro area vis-à-vis the United States.

and the Nikkei 225 indices both reaching levels which were respectively 4% and 3% above those of end-July by 13 September (see Chart 13). Compared with the levels which had prevailed at the end of 1999, by 13 September stock prices had shown increases of around 3% in the euro area and of around 1% in the United States. Conversely, they had declined by close to 15% in Japan.

Turning to the international environment for stock markets in August and early September 2000, the increases in stock prices in the United States seemed to be underpinned by the aforementioned greater confidence on the part of market participants that the US economy will experience a soft landing. Linked to this, the decline in long-term bond yields, which was associated with expectations of a gradual slowdown in the pace of economic activity, coupled with expectations of subdued inflation, supported the strength of the US stock market in August and early September. Furthermore, in the US technology sector better than expected earnings reports by some firms, as well as growing optimism about future earnings prospects, also contributed to the overall increase in stock prices, with the Nasdaq composite index showing an increase of slightly more than 3% between end-July and

13 September. In August the implied volatility on the Standard and Poor's 500 index declined from 19% per annum at end-July to reach 16% per annum on 13 September. This was the lowest level seen since December 1999, thus pointing towards a higher degree of confidence among stock market participants.

In Japan, although the increase in stock prices which took place between end-July and early September partly offset the considerable declines which occurred in July, it left prices considerably below their end-1999 levels. This recovery in the Japanese stock market in August and early September mainly reflected increasing optimism on the part of market participants that Japan's economic recovery was gathering momentum, as some indicators of activity for the second quarter of 2000 were better than the markets had previously expected. The decision by the Bank of Japan to end its zero interest rate policy did not have a significant impact on the equity market, since it had been largely anticipated by market participants.

Euro area stock markets benefited from the supportive environment provided by international stock market developments in August but declined somewhat in early September. The increases seen in euro

Table 4**Price changes and historical volatility in the Dow Jones EURO STOXX economic sector indices***(price changes in percentages; historical volatility in percentages per annum)*

	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Healthcare	Industrial	Technology	Telecommunications	Utility	EURO STOXX
Price change											
Q1 2000	-10.7	-2.9	-7.3	5.5	-1.5	4.4	-0.1	20.6	17.6	14.7	6.0
Q2 2000	-13.3	-5.3	6.0	5.0	6.9	21.4	-6.5	-0.8	-21.5	-8.2	-3.7
End-June to 13 September 2000	3.3	4.9	-1.2	10.7	5.3	13.4	3.1	2.4	-15.1	-0.1	1.4
Volatility											
Q1 2000	25.2	26.0	22.4	29.7	17.5	29.6	23.6	46.8	50.1	21.6	24.4
Q2 2000	20.1	24.6	13.9	20.4	17.0	23.7	21.8	59.1	52.8	17.7	23.8
End-June to 13 September 2000	12.9	13.2	14.5	20.7	9.2	21.4	12.2	37.9	34.8	10.0	13.0

*Sources: STOXX and ECB calculations.**Notes: Historical volatilities are calculated as the annualised standard deviation of daily index level changes over the period. Sector indices are shown in the "Euro area statistics" section of this ECB Monthly Bulletin.*

area stock prices in August seemed to be principally a result of optimism on the part of market participants concerning future corporate earnings prospects. The main positive contribution to euro area stock price developments in August and early September came from the technology sector, which had been responsible for much of the overall increase in the euro area stock market after the beginning of 2000. In this sector, stock prices increased by around 3% between end-July and 13 September. This brought them to a level which was 22% above end-1999 levels but 11% below the peak levels reached at the beginning of March. By contrast, stock prices in the telecommunications sector experienced some volatility and, overall, declined by around 7% between end-July and early September. By 13 September prices of telecommunications stocks in the euro area were 22% below end-1999 levels. The weakness in telecommunications stock prices throughout the first eight months of

2000 seems to be attributable mainly to reassessments of future corporate earnings growth prospects in an environment of both increased competition and increasing debt servicing costs in this sector. In particular, the results of the auction of third-generation (UMTS) mobile telephone licences in Germany (see Box 1) were generally seen as an indication that competition would intensify further in this sector in the coming years. A further factor placing downward pressure on the prices of telecommunications stocks seems to be a perception on the part of market participants that the riskiness of telecommunications firms has increased owing to increasing debt resulting from the major investments necessary to develop telecommunications networks and the need to finance the purchase of UMTS licences. Table 4 provides an overview of sectoral stock market developments in the course of 2000.

2 Price developments

HICP inflation remained at 2.4% in July 2000

The annual rate of increase in the overall Harmonised Index of Consumer Prices (HICP) remained at 2.4% in July 2000, unchanged from June 2000. The year-on-year increase in the HICP excluding seasonal food and energy also remained unchanged at 1.3% over the same period. While the annual rate of increase in each of the three more stable components (processed food, non-energy industrial goods and services) remained unchanged, there was a rise in unprocessed food prices and a fall in energy prices.

The annual rate of change in unprocessed food prices rose sharply from 1.5% in June

2000 to 2.6% in July, thus reinforcing the upward movement since March 2000, when it stood at -0.5% (see Table 5). The rise from June to July 2000 in the year-on-year rate is partly the result of a decline in unprocessed food prices from June to July 1999 which was stronger than the normal seasonal pattern, but it also reflects more recent price increases.

By contrast, the annual rate of increase in the energy component fell from 14.7% in June 2000 to 13.7% in July, even though the developments in oil prices led to a rise in the level of the energy price index in July 2000 compared with the previous month. The fall in the year-on-year rate of change was thus a result of the base effect of the significant rise

Table 5
Price and cost developments in the euro area

(annual percentage changes, unless otherwise indicated)

	1997	1998	1999	1999	1999	2000	2000	2000	2000	2000	2000	2000	2000
				Q3	Q4	Q1	Q2	Mar.	Apr.	May	June	July	Aug.
Harmonised Index of Consumer Prices (HICP) and its components													
Overall index	1.6	1.1	1.1	1.1	1.5	2.0	2.1	2.1	1.9	1.9	2.4	2.4	.
<i>of which:</i>													
Goods	1.2	0.6	0.8	0.9	1.5	2.3	2.4	2.6	2.0	2.3	2.8	2.9	.
Food	1.4	1.6	0.5	-0.2	0.4	0.4	0.9	0.4	0.6	0.8	1.2	1.6	.
Processed food	1.4	1.4	0.9	0.6	0.9	1.0	1.0	1.0	0.9	1.0	1.0	1.0	.
Unprocessed food	1.4	1.9	0.0	-1.4	-0.3	-0.3	0.8	-0.5	0.2	0.6	1.5	2.6	.
Industrial goods	1.0	0.1	1.0	1.5	2.1	3.4	3.2	3.7	2.7	3.1	3.7	3.5	.
Non-energy industrial goods	0.5	0.9	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.6	.
Energy	2.8	-2.6	2.2	4.6	7.8	13.6	12.5	15.3	10.5	12.2	14.7	13.7	.
Services	2.4	2.0	1.5	1.5	1.4	1.6	1.7	1.6	1.9	1.6	1.7	1.7	.
Other price and cost indicators													
Industrial producer prices ¹⁾	1.0	-0.8	-0.4	0.1	2.2	4.4	5.1	4.8	4.6	5.2	5.6	5.5	.
Unit labour costs ²⁾	0.7	0.3	1.1	1.0	0.2	0.5	.	-	-	-	-	-	-
Labour productivity ²⁾	1.6	1.1	0.7	0.7	1.4	1.7	.	-	-	-	-	-	-
Compensation per employee ²⁾	2.3	1.4	1.8	1.7	1.6	2.1	.	-	-	-	-	-	-
Total hourly labour costs ³⁾	2.5	1.8	2.2	2.3	2.4	3.6	.	-	-	-	-	-	-
Oil prices (EUR per barrel) ⁴⁾	17.1	12.0	17.1	19.7	23.0	27.1	29.1	28.4	24.6	30.4	31.5	30.6	33.6
Commodity prices ⁵⁾	12.9	-12.5	-3.1	1.1	14.0	19.9	18.3	20.2	19.4	22.8	12.9	14.3	18.3

Sources: Eurostat, national data, International Petroleum Exchange, HWWA – Institut für Wirtschaftsforschung (Hamburg) and ECB calculations.

1) Excluding construction.

2) Whole economy.

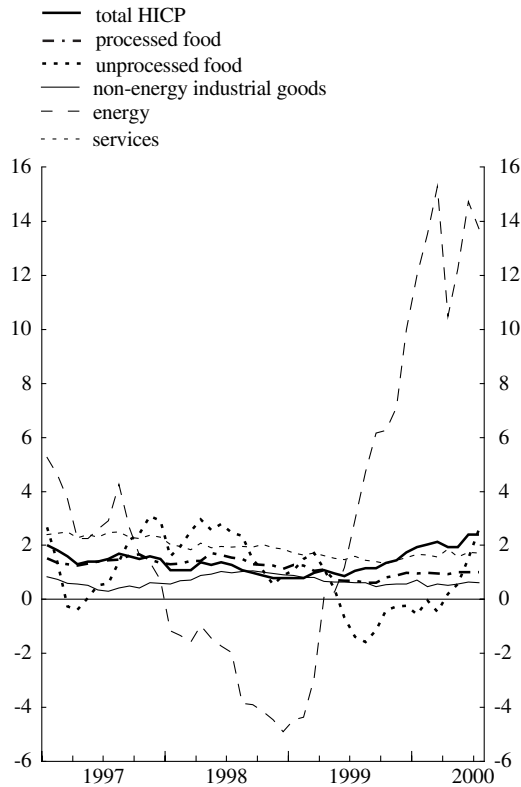
3) Whole economy (excluding agriculture, public administration, education, health and other services).

4) Brent Blend (for one-month forward delivery). In ECU up to December 1998.

5) Excluding energy. In euro; in ECU up to December 1998.

Chart 14
Breakdown of HICP inflation in the euro area by components

(annual percentage changes; monthly data)



Source: Eurostat.

in the level of the energy price index from June to July 1999. In August and September 2000 there will be a further downward impact as a result of base effects on the annual rate of increase in the energy component. However, at the same time, the rise in the oil price from €30.6 per barrel in July 2000 to €33.6 in August and the high level of oil prices in early September 2000 should have exerted further upward pressure on energy prices. This indicates that the year-on-year rate of increase in energy prices is likely to remain high in August and September 2000.

The annual rate of increase in processed food prices stood at 1.0% in July, and had thus remained broadly unchanged since the last quarter of 1999 (see Chart 14). Similarly, the year-on-year change in non-energy industrial goods prices had remained close to 0.6% since May 1999 and continued to stand at

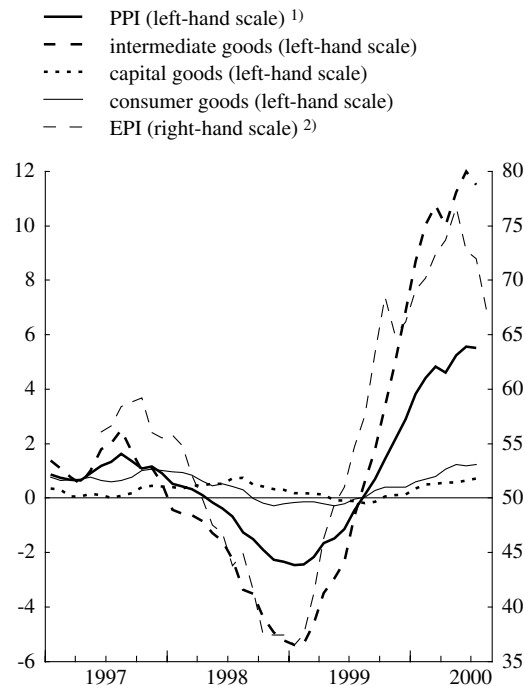
0.6% in July 2000. There are thus no signs yet of indirect effects of import price increases in general or of oil price rises in particular leading to upward pressures on consumer prices. Indeed, the annual rate of increase in services prices also remained at 1.7% in July (see Box 4 for a discussion of the developments in the main components of services prices).

Producer price increases moderated slightly in July

The year-on-year increase in euro area industrial producer prices fell slightly from 5.6% in June to 5.5% in July (see Chart 15). As with the developments in the HICP energy component, this reflects the development in oil prices, which fell from €31.5 per barrel in

Chart 15
Producer prices and manufacturing input prices for the euro area

(monthly data)



Sources: Eurostat and Reuters.

- 1) Industrial producer prices; annual percentage changes; excluding construction.
- 2) Eurozone Price Index; manufacturing input prices from the Purchasing Managers' Survey. An index value above 50 indicates an increase in manufacturing input prices, whereas a value below 50 indicates a decrease.

Box 4

Trends in euro area services price developments

Services prices form one of the largest single components of the Harmonised Index of Consumer Prices (HICP), as is shown in the breakdown in Table 5 of this issue of the ECB Monthly Bulletin. Its weight in the overall HICP has risen from 34.0% in 1996 to 37.3% in 2000. This increase is partly a result of the extension of the coverage of the HICP in 2000, which particularly focuses on services, but it also reflects the fact that the share of services in private consumption is increasing over time. In 2001 the HICP will be extended to cover further health and social protection services. In the light of the high weight of services in the overall HICP and in order to further facilitate the analysis of consumer price developments in the euro area, the ECB breaks down services prices into five components (the figures in brackets indicate the weight of the components in overall HICP services prices): housing (27.3%); recreation and personal services (36.2%); transportation (17.1%); communication (6%); and miscellaneous services (13.4%). These components are based on detailed sub-indices which are relatively homogenous in terms of both the use of the services and, to some extent, the determinants of their price developments. For analytical purposes, the housing services component can be further divided into rents and other housing services prices, while recreation and personal services can be broken down into package holidays and accommodation services prices on the one hand, and prices for other recreation and personal services on the other.

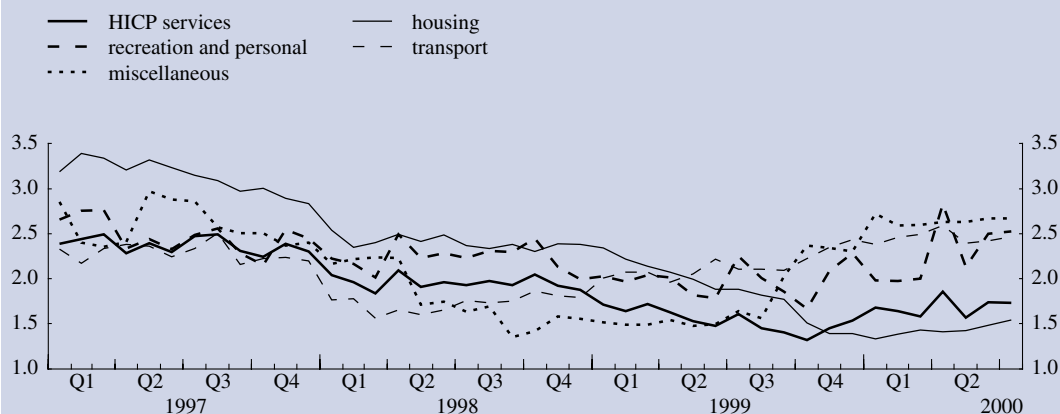
Patterns behind the developments in the HICP services component

The annual rate of increase in HICP services prices followed a downward trend from mid-1997 to late 1999. This reflects the general disinflationary developments in the euro area and in particular, as a result of the high wage content of services prices, the downward trend in wage growth in the euro area up to mid-1998. The downward trend was visible in most services components, but most notably in housing services prices. The only exception to the pattern of a fall in the annual rate of increase between mid-1997 and late 1999 was the year-on-year increase in transportation services prices, which had been on a broad upward trend since March 1998 (see Chart A). In late 1999 and early 2000, the annual rate of increase in services prices rose slightly, but has been relatively stable since then.

The breakdown of *housing services prices* shows that in the first half of 2000 the annual rate of increase in other housing costs rose, while the annual rate of increase in rents remained stable. The upward trend in other housing services prices reflects developments in most of the labour-intensive sub-indices of this component (inter alia repair, maintenance and domestic services related to housing), as well as housing insurance prices,

Chart A: Developments in HICP services components in the euro area

(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

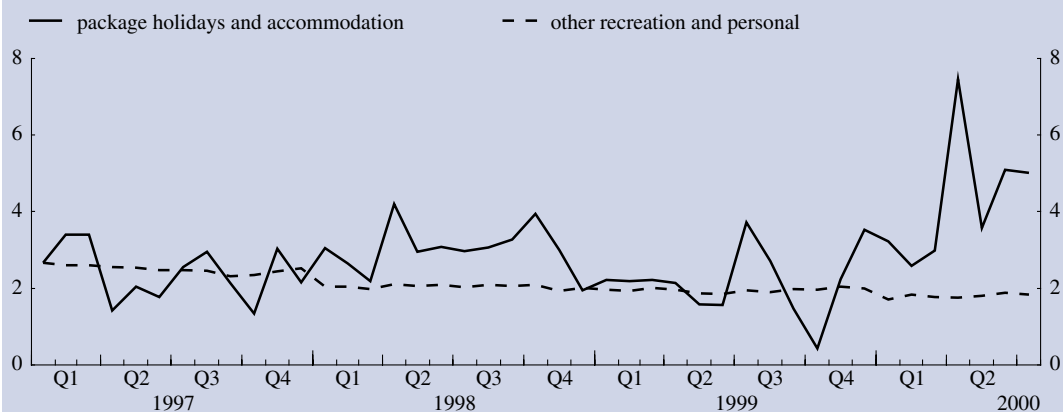
Note: For reasons of scaling, communication services prices are not shown here, but in a separate chart below.

reflecting general upward pressure on these prices. This could be linked to the fact that wage growth in the euro area has risen somewhat since mid-1998.

The year-on-year rate of increase in *recreation and personal services prices* is very volatile owing to developments in package holidays and accommodation services prices (see Chart B). Despite the relatively low weight (7%) of these in HICP services prices, package holidays and accommodation price developments are often the cause of short-term volatility in developments in the total services component of the HICP. The upward trend in the annual rate of increase in recreation and personal services prices since late 1999 is the result of developments in package holidays and accommodation prices. By contrast, the annual rate of increase in other recreation and personal services prices (comprising the cleaning, repair and maintenance of leisure articles as well as cultural, dining and grooming services) fell at the end of 1999, but has remained relatively stable thus far in 2000, reflecting the fact that, in general, there is no clear upward pressure discernible in the sub-indices comprising this component.

Chart B: Developments in recreation and personal services prices in the euro area

(annual percentage changes; monthly data)



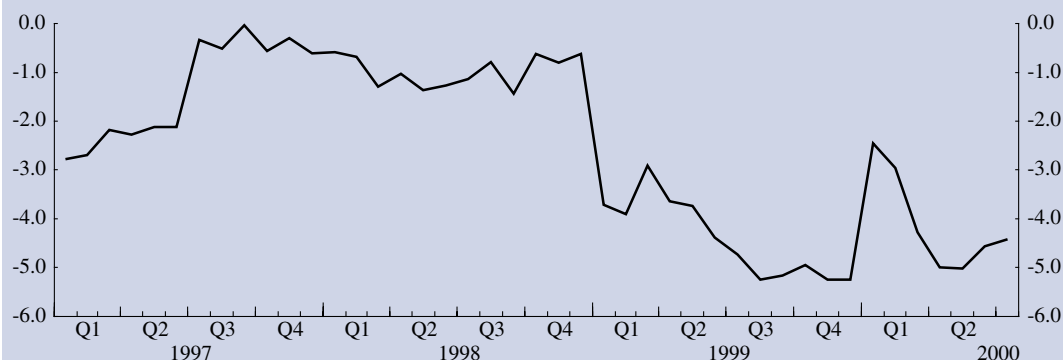
Sources: Eurostat and ECB calculations.

Transportation services prices comprise various passenger transport, maintenance and transport insurance prices. The annual rate of increase in several passenger transport services prices has been on a broad upward trend since late 1999, possibly reflecting the impact of the rise in energy prices.

Communication services prices are heavily affected by developments in telecommunication prices (this sub-index accounts for almost 90% of the weights in this component), reflecting technological progress and

Chart C: Developments in HICP communication prices in the euro area

(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

deregulation; however, postal services prices have also been affected by the deregulation process. The year-on-year rate of change has, therefore, been negative for most of the time since 1997, and particularly in 1999 and the second quarter of 2000 this component had a downward effect on developments in the HICP services component (see Chart C).

By contrast, *miscellaneous services prices* have been following an upward trend since the third quarter of 1999. However, from 1997 to the end of 1999 this component comprised only three sub-indices (education, other financial services and other services n.e.c.), but was supplemented with a number of further sub-indices in January 2000 (medical, health insurance and social protection-related services). It is, therefore, too early to assess the developments in this component. Coverage will be further expanded in January 2001. For an analysis of developments in this component it should be taken into account that several of the items covered are partly of an administered nature.

June to €30.6 per barrel in July 2000. In particular, the decrease in producer price inflation was a consequence of the developments in intermediate goods prices. The annual rate of increase in intermediate goods prices decreased from 11.9% in June to 11.4% in July 2000. The month-on-month increase also declined from 1.0% in June to 0.8% in July.

The annual rates of increase in capital and consumer goods prices were 0.7% and 1.2% respectively in July 2000. For capital goods this was 0.1 percentage point higher compared with June 2000, whereas for consumer goods the rate had remained unchanged. However, when examining consumer goods prices in more detail, the annual rate of increase in durable goods prices actually rose from 0.9% in June to 1.0% in July 2000, while the year-on-year increase in non-durable goods prices remained unchanged at 1.3% over the same period. For capital goods as well as consumer goods, the annual rates of change have followed an upward trend since mid-1999. Even if these rates of increase are relatively modest, the upward movement indicates that developments in intermediate goods prices are having some effect on producer prices further along the chain of production.

Looking ahead, counterbalancing factors are likely to affect producer prices in the coming months. On the one hand, in the very short term upward pressures on producer prices,

in particular intermediate goods prices, can be expected, originating from oil price increases and the depreciation of the euro between July and August 2000. In addition, with regard to consumer and capital goods, a further gradual pass-through of the past rise in intermediate goods prices is expected. On the other hand, however, as earlier intermediate goods price increases drop out of the year-on-year changes, the annual growth rates of euro area producer prices are likely to moderate in the coming months. This is also supported by the most recent information on manufacturing input prices (Eurozone Price Index) for the euro area, which declined in August 2000 compared with the previous month.

Wage growth revised downwards

Wage growth in the euro area, as measured by compensation per employee, has been revised down markedly in recent years owing to a change in the employment statistics in Germany, which now more comprehensively cover part-time low-income workers. As a result, the year-on-year increase in euro area compensation per employee both in the fourth quarter of 1999 and in the first quarter of 2000 has been revised downwards by 0.4 percentage point to 1.6% and 2.1% respectively. However, it should be noted that these revisions do not necessarily indicate more favourable wage developments. For a discussion of these revisions, see Box 5

in the “Output, demand and labour market developments” section of this issue. Since the revision was the same size in both quarters, the compensation data still indicate a rise in wage growth from the fourth quarter of 1999 to the first quarter of 2000. This is consistent with the annual rate of change in total hourly labour costs, which in the first quarter of 2000 increased to 3.6%, i.e. 1.2 percentage points higher than in the fourth quarter of 1999. This increase can mainly be traced back to one-off factors (i.e. bonus payments in some countries). Despite the downward revision to the growth in compensation per employee, growth in euro area unit labour costs in the first quarter of 2000 was revised upwards slightly (by 0.1 percentage point) to 0.5%, while unit labour cost growth in the fourth quarter of 1999 was revised downwards slightly to 0.2%. This was a result of the fact that productivity growth was revised downwards significantly at the same time as the revision in compensation per employee.

Overall HICP inflation is likely to remain close to 2%

Looking ahead, in the short term overall price developments will be influenced mainly by external factors, in particular by developments in oil prices and the exchange rate of the euro. Provided oil prices do not rise significantly further, base effects arising from energy prices could begin gradually to reduce the overall inflation rate over the remaining months of 2000 and the first part of 2001. Nevertheless, the indirect effects associated with past oil price increases and the pronounced and prolonged depreciation of the euro will exert further upward pressure on the euro area rate of inflation. This implies that the overall rate of inflation is likely to decrease only slowly compared with its current level. However, the short-term dynamics of price developments remain particularly uncertain given the uncertainties about future developments in oil and non-oil commodities prices and the path of the exchange rate, which may reinforce or

mitigate movements in commodity prices and the prices of other imported goods and services.

Looking further ahead, however, domestic factors are likely to play an increasingly important role. On the one hand, there may be dampening effects on labour costs arising from further deregulation measures and decreases in social contributions. On the other hand, domestic price pressures can be expected to emerge as a result of prospects for strong economic growth and the resulting expected higher rates of capacity utilisation. These factors, together with the past depreciation of the euro, may lead to a rise in profit margins. Although existing wage agreements for a large part of the euro area imply a moderate rise in contractual wages in 2000 and also partly for 2001, in the light of strong growth prospects for 2001, wage drift could also rise, thus leading to higher growth in labour costs. For the period beyond 2000, the crucial factor will be the way in which wages respond when new agreements are due to be negotiated in the course of 2001 and 2002. Against this background, the annual rate of increase in the HICP excluding energy, which is still at a low level, will depend crucially in the next one to two years on wage developments and the extent to which competitive forces are able to contain an increase in profit margins.

In summary, future price developments will be affected by a number of factors, which, according to more recent external forecasts, may on balance imply that average inflation could be slightly lower in 2001 than in 2000, while remaining close to 2% (see the section entitled “Growth and inflation forecasts by various institutions” for more details about these forecasts). While external factors, arising from base effects in the event that oil prices do not increase further, may contribute to a gradual fall in overall inflation rates, domestic factors are likely to work in the opposite direction. In order to ensure that inflation rates remain below 2% over the more medium term, it is essential that domestic inflationary factors remain subdued.

3 Output, demand and labour market developments

Continued strong real GDP growth in the first half of 2000

The first estimate by Eurostat of euro area real GDP growth in the second quarter of 2000 confirms previous expectations that area-wide real GDP continued to expand strongly during the first half of this year, at 0.9% quarter-on-quarter in the first and second quarters of 2000. On an annualised basis, real GDP grew by 3¾% in the first half of this year. This implies that the pace of economic expansion has been maintained compared with the second half of last year, in which growth picked up (see Table 6).

Higher growth in industrial production in the second quarter of 2000

In the second quarter of this year, euro area industrial production (excluding construction) increased by 1.5% compared

with the previous quarter and by 5.9% compared with the same quarter a year earlier, clearly higher than the corresponding rates of increase observed in the first quarter of 2000 (see Table 7). At the same time, growth rates were still somewhat lower than they had been in the phases of strong economic expansion in 1994-95 and 1997-98 respectively. In June 2000 industrial production in the euro area fell compared with the previous month, following a strengthening in May. This uneven growth pattern is considered largely to reflect working day effects related to bank holidays, which cannot be fully accounted for by standard adjustment methods for working day influences. Hence, at this juncture, quarterly averages may give a more reliable picture of underlying developments in industrial production.

Manufacturing production grew by 1.5% quarter-on-quarter in the second quarter of 2000, following 1.1% in the first quarter. This

Table 6
Composition of real GDP growth in the euro area
(percentage changes, unless otherwise indicated; seasonally adjusted)

	Annual rates ¹⁾								Quarterly rates ²⁾				
	1997	1998	1999	1999 Q1	1999 Q2	1999 Q3	1999 Q4	2000 Q1	1999 Q1	1999 Q2	1999 Q3	1999 Q4	2000 Q1
Real gross domestic product of which:	2.3	2.7	2.4	1.8	2.0	2.5	3.1	3.4	0.7	0.6	1.0	0.9	0.9
Domestic demand	1.7	3.4	2.8	2.8	2.9	2.8	2.8	2.6	0.9	0.4	0.5	0.9	0.8
Private consumption	1.5	3.0	2.5	2.7	2.4	2.5	2.5	2.4	0.8	0.3	0.8	0.5	0.7
Government consumption	0.9	0.9	1.5	1.4	1.3	1.6	1.6	1.5	0.9	0.1	0.3	0.2	0.8
Gross fixed capital formation	2.1	4.3	4.8	4.0	5.4	4.9	4.8	4.9	1.8	1.0	1.5	0.5	1.9
Changes in inventories ^{3) 4)}	0.2	0.5	0.0	0.1	0.1	0.0	0.0	-0.1	-0.1	0.0	-0.3	0.4	-0.2
Net exports ³⁾	0.6	-0.6	-0.4	-0.9	-0.8	-0.2	0.4	0.8	-0.3	0.2	0.4	0.0	0.1
Exports ⁵⁾	10.3	6.9	4.3	0.6	1.9	5.4	9.0	11.8	0.1	2.8	3.6	2.2	2.7
Imports ⁵⁾	8.8	9.4	5.8	3.5	4.5	6.6	8.3	9.9	1.0	2.3	2.4	2.4	2.5

Sources: Eurostat and ECB calculations.

1) Annual rates: percentage change compared with the same period a year earlier.

2) Quarterly rates: percentage change compared with the previous quarter.

3) As a contribution to real GDP growth; in percentage points.

4) Including acquisitions less disposals of valuables.

5) Exports and imports cover goods and services and include internal cross-border trade in the euro area. Intra-euro area trade is not cancelled out in import and export figures used in national accounts. Consequently, these data are not fully comparable with balance of payments data.

Table 7**Industrial production in the euro area***(annual percentage changes, unless otherwise indicated)*

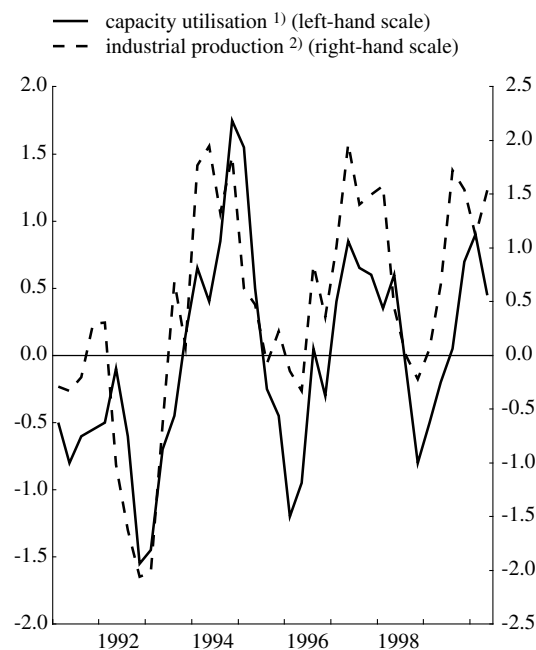
	1998	1999	2000			2000			2000			2000		
			Apr.	May	June	Apr.	May	June	Jan.	Feb.	Mar.	Apr.	May	
														month-on-month			three-month moving averages
Total industry excl. construct.	4.2	1.8	5.9	8.1	3.7	0.5	0.6	-0.4	1.0	1.1	1.6	1.9	1.5	
Manufacturing	4.6	1.8	6.3	8.3	4.1	0.3	1.6	-1.7	1.2	1.1	1.6	1.9	1.5	
<i>by main industrial groupings:</i>														
Intermediate goods	3.9	2.2	5.5	8.1	3.6	-0.4	1.7	-1.6	1.2	1.1	1.3	1.5	0.9	
Capital goods	6.4	1.4	7.4	11.6	5.9	0.9	1.0	-0.3	1.8	2.3	2.6	2.8	2.4	
Consumer goods	5.3	2.8	9.5	10.1	4.7	1.0	1.5	-2.0	1.8	1.5	2.6	2.7	2.3	
Durable consumer goods	5.9	3.0	10.4	11.2	5.1	1.0	1.6	-2.5	2.4	2.2	3.0	2.8	2.1	
Non-durable consumer goods	2.0	1.6	3.8	3.5	2.1	1.2	0.7	0.7	-1.6	-2.3	0.3	2.2	3.4	

*Sources: Eurostat and ECB calculations.**Note: Annual percentage changes are calculated by using data adjusted for variations in the number of working days; percentage changes on the previous month and three-month centred moving averages against the corresponding average three months earlier are calculated by using seasonally and working day adjusted data.*

rise essentially reflects a strong rebound of production in non-durable consumer goods industries from the declines observed earlier this year to a quarter-on-quarter rate of growth of 3.4% in the second quarter of 2000, the highest quarterly increase in the past decade. The rate of production growth in the capital goods industries and the durable consumer goods industries remained broadly unchanged in the second quarter of 2000, at a quarter-on-quarter rate of increase of somewhat more than 2% respectively. By contrast, production growth in intermediate goods industries declined somewhat between the first and second quarters of 2000 and remained subdued at around 1% in relation to the growth rates recorded in the capital and consumer goods industries. The somewhat different rates of growth may partly reflect shifts in sectoral growth as they typically occur over the economic cycle, with intermediate production being relatively stronger in the early phase than in the more mature phases of economic expansion.

According to the European Commission Business Survey in July 2000, capacity utilisation in the manufacturing sector stood at 83.9%, following a rate of 83.7% in April 2000 (see Table 8). On average, in the second quarter of this year capacity utilisation was 83.8%, that is to say higher than it had been

during the phases of strong economic expansion in 1994-95 and 1997-98. The rise in capacity utilisation in the second quarter

Chart 16**Capacity utilisation and industrial production in the euro area***(in manufacturing; seasonally adjusted data; quarterly averages)**Sources: Eurostat and European Commission Business and Consumer Surveys.*1) *Change compared with the previous period in percentage points.*2) *Percentage change compared with the previous period.*

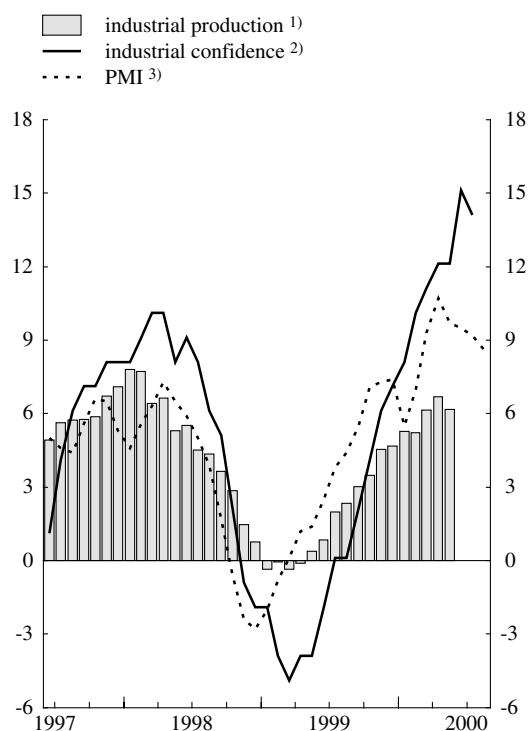
of 2000 of around ½ percentage point was smaller than that in the first quarter, but remained consistent with continued quarter-on-quarter growth in manufacturing production (see Chart 16).

Confidence remained at high levels in mid-2000

The Purchasing Managers' Index (PMI) for the euro area manufacturing sector declined further in August 2000, albeit only slightly, to stand at 58.6. This is the fourth consecutive decline since May 2000 and, on the basis of close co-movements between the PMI and manufacturing production growth, these declines point to an increased possibility that production growth may have reached a peak (see Chart 17). At the same time, the index remained well above the benchmark level of 50, corresponding to zero growth, and it is still above the peak level reached during the previous economic expansion in early 1998. It thus implies continued high rates of year-on-year production growth. Moreover, the consecutive declines in the PMI reflect to a large extent a decline in the component for new orders, but do not point to an equally consistent and broadly based downward movement in terms of the other components.

Chart 17
Industrial production, industrial confidence and the PMI for the euro area

(monthly data)



Sources: Eurostat, European Commission Business and Consumer Surveys, Reuters and ECB calculations.

- 1) Manufacturing; annual percentage changes of three-month moving averages; working day adjusted data.
- 2) Percentage balances, deviations from the average since January 1985.
- 3) Purchasing Managers' Index; deviations from the value of 50; positive values indicate an expansion of economic activity.

Table 8

Results from EC Business and Consumer Surveys for the euro area

(seasonally adjusted data)

	1997	1998	1999	1999	1999	2000	2000	2000	2000	2000	2000	2000	2000
				Q3	Q4	Q1	Q2	Feb.	Mar.	Apr.	May	June	July
Economic sentiment index ¹⁾	2.4	2.7	-0.2	0.1	0.9	1.0	0.2	0.3	0.2	0.0	0.0	0.0	0.0
Consumer confidence indicator ²⁾	-4	6	9	7	10	11	11	11	11	11	12	10	11
Industrial confidence indicator ²⁾	3	6	0	1	6	10	13	10	11	12	12	15	14
Construction confidence indicator ²⁾	-12	2	14	14	18	21	23	19	21	23	22	24	23
Retail confidence indicator ²⁾	-4	2	0	-2	-2	5	8	2	10	2	9	12	2
Capacity utilisation (%) ³⁾	81.4	82.9	82.0	81.8	82.5	83.4	83.8	-	-	83.7	-	-	83.9

Source: European Commission Business and Consumer Surveys.

- 1) Percentage changes compared with the previous period.
- 2) Percentage balances; data shown are calculated as deviations from the average over the period since January 1985.
- 3) Data are collected in January, April, July and October of each year. The quarterly figures shown are the average of two successive surveys, i.e. the surveys conducted at the beginning of the quarter in question and at the beginning of the following quarter. Annual data are quarterly averages.

The most recent data from the European Commission Business and Consumer Surveys are for July 2000 (see Table 8) and further area-wide data will only be released in early October 2000. In July 2000 industrial confidence declined slightly from the record high level reached in the previous month, mainly owing to a less positive assessment of order books, as seen in the case of the decline in the PMI. The decline in industrial confidence in July 2000 possibly reflects a partial correction of the particularly strong increase in June. Data on business confidence in August 2000 are partly available at the national level and, at this juncture, they do not seem to point to a fundamental change in business confidence.

Consumer confidence rose in July 2000, partly reversing the fall in the previous month and moving back close to the record high reached in May 2000. The rise in July 2000 reflected a more positive assessment of the financial situation and the general economic situation expected over the next 12 months, together with a greater willingness on the part of households to make major purchases at present.

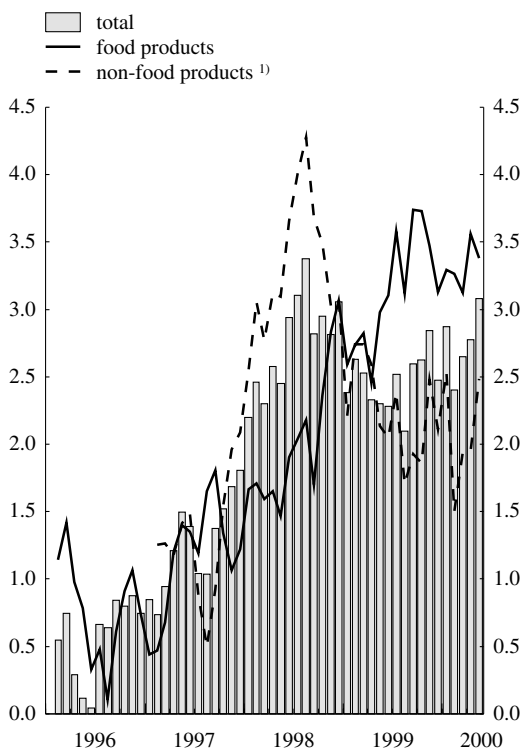
Higher growth in retail sales in the second quarter of 2000

The average rate of growth in retail sales volumes in the second quarter of 2000 increased to 3.1% year-on-year, following growth of 2.4% in the first quarter of the year (see Chart 18). At the same time, developments in the individual months of the second quarter of 2000 showed some volatility. While retail sales expanded fairly strongly in April and May 2000, this was partly offset by the outcome in the subsequent month. In June 2000 the rate of growth of retail sales volumes declined noticeably, when compared both with the previous month and with the same month a year earlier, reflecting, in particular, weaker sales of textiles. New passenger car registrations fell in the three-month period from June to August 2000, compared with both the previous three-

Chart 18

Retail sales in the euro area

(annual percentage changes; three-month centred moving averages; seasonally adjusted)



Source: Eurostat.

1) Owing to the unavailability of some national components, the series only starts from January 1996.

month period and the same period a year earlier. This followed a partial recovery in the first half of 2000 from the declines in the second half of 1999.

Positive outlook for growth remains unchanged

Overall, the latest available data point to continued strong growth in the euro area in the first half of this year. This underpins the projections for growth of above 3% this year and next in the forecasts currently available (see the section entitled "Growth and inflation forecasts by various institutions" for more details about these forecasts). At this juncture, the positive outlook for euro area growth reflects favourable domestic and external conditions. On the domestic side,

there is a high overall level of confidence, with indicators being at or close to their respective record highs, and financing conditions for households and firms in the euro area are favourable. These positive fundamentals can be seen as important factors underpinning strong growth in business investment and household consumption. More specifically, investment growth should benefit further from robust business profitability if capacity utilisation remains high and wages continue to grow moderately. Private consumption growth should also remain robust, supported by continued strong growth in real disposable income, which benefits in particular from growth in employment. Reductions in direct taxes, as planned in a number of euro area countries, and increased non-wage income related to higher profitability are further factors supporting growth in household disposable incomes. With regard to the external factors contributing to growth, the strong expansion of the global economy is expected to continue to underpin euro area export growth. This is also likely to be aided by past gains in price competitiveness.

The favourable outlook for growth entails some uncertainties. Given the strength of some of the factors mentioned, such as the strong growth of the world economy (and thus of euro area exports), these uncertainties may partly be on the upside.

However, some general uncertainty relates to, inter alia, recent developments in oil prices.

Sustained employment growth in the second quarter of 2000

Estimates of employment growth for the euro area have been revised upwards substantially from 1991 onwards. There has been a significant revision of German data, reflecting the inclusion of a large number of part-time low-income workers who were not previously included. This upward revision of employment data highlights the importance of measuring employment in terms of full-time equivalents, and not only in terms of the number of persons employed, especially during periods when both part-time and temporary employment is rising rapidly, as has been the case in recent years. Further details of the revision of employment data are given in Box 5. As a result of this revision, the pace of employment growth appears to have been slightly more rapid than previously estimated. For example, total employment in the euro area is now estimated to have grown at a year-on-year rate of 1.6% and 1.7% in 1998 and 1999 respectively, compared with previous estimates of 1.4% and 1.5%. Following these revisions, and on the basis of available national data, total employment growth is estimated to have maintained its

Table 9

Employment growth in the euro area

(annual percentage changes, unless otherwise indicated)

	1998	1999	1999	1999	2000	2000	1999	1999	2000	2000	2000	2000	2000
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Apr.	May	June
	Quarterly rates ¹⁾												
Whole economy ²⁾	1.6	1.7	1.7	1.8	1.9	.	0.6	0.5	0.6	.	-	-	-
Total industry	0.3	0.2	0.1	0.0	0.2	.	0.0	0.1	0.1	.	.	.	.
Construction	0.3	3.0	3.6	2.1	1.9	.	0.6	0.3	0.7	.	1.0	.	.
Total industry excl. construct.	0.4	-0.4	-0.7	-0.5	-0.3	-0.1	-0.2	0.0	0.1	0.0	-0.2	-0.1	0.1
Manufacturing	0.8	-0.2	-0.5	-0.3	0.1	.	0.0	0.1	0.2	.	0.2	0.4	.

Sources: National data and Eurostat (Short-term Business Statistics).

1) Quarterly rates: percentage change compared with the previous quarter; seasonally adjusted.

2) Excluding Belgium and Ireland; seasonally adjusted.

strong pace in the second quarter of 2000, following a quarter-on-quarter rate of growth of 0.6% in the first quarter of the year.

At the sectoral level (see Table 9), the revised national data have not yet affected area-wide data, although substantial revisions are also expected in the coming weeks. An estimate for employment in industry excluding construction for the second quarter of 2000, which does not take account of the revision, has become available since the August 2000 issue of the ECB Monthly Bulletin was produced. It is currently estimated to have remained broadly unchanged in the second quarter of 2000 compared with the first quarter. On a quarter-on-quarter basis, net job creation in manufacturing continued to improve from the third quarter of 1999 to the first quarter of 2000. Preliminary estimates for the second quarter of 2000 suggest that employment growth in manufacturing remained broadly unchanged compared with the level recorded in the previous quarter and in line with published results for employment excluding construction. Employment growth in services is estimated to have increased slightly in the second quarter of 2000, in line with high expectations from both the Purchasing Managers' Survey for the services sector and the European Commission Business Surveys for the retail sector, as discussed below.

Employment expectations remain favourable

Employment expectations as contained in the European Commission Business Surveys reflect a positive outlook for employment developments up to the third quarter of 2000. In the past, employment expectations have been a reliable indicator for gauging employment growth developments in the manufacturing sector, where employment expectations have been improving continuously since the turning-point reached in mid-1999 (see Chart 19). In construction and retail trade, such expectations were also still well above their historical average when

Chart 19
Employment growth and employment expectations in manufacturing in the euro area

(annual percentage changes; percentage balances for employment expectations)



Sources: Eurostat and European Commission Business and Consumer Surveys.

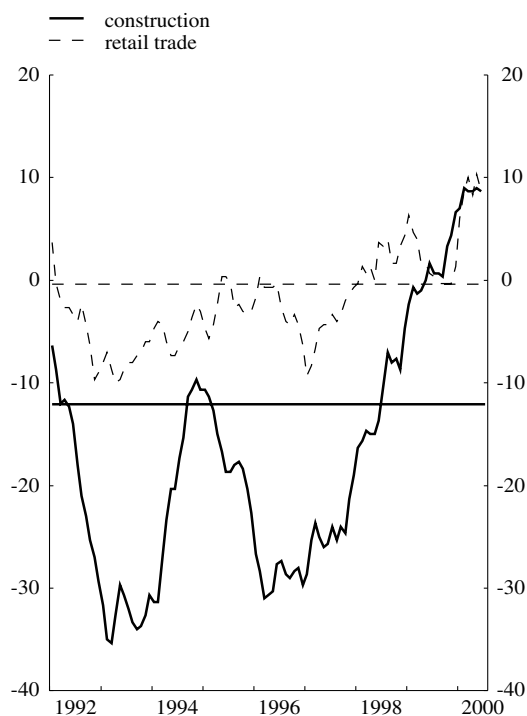
Note: The horizontal line is the average of employment expectations over the period from 1985.

the surveys were last carried out in July 2000 (see Chart 20). Since then, monthly indicators of expectations for employment growth have moderated somewhat, although they remain very favourable.

The Eurozone Employment Composite Index from the Purchasing Managers' Survey (which refers to both manufacturing and service sectors) eased slightly in July and August 2000, after reaching a peak in June 2000. This reflects two consecutive monthly declines in the employment indicator for the services sector. Employment expectations in the manufacturing sector, as indicated by the employment component of the Purchasing Managers' Index, showed a small decline

Chart 20 Employment expectations in the euro area

(percentage balances; three-month centred moving averages; seasonally adjusted)



Source: European Commission Business and Consumer Surveys.
Note: The horizontal lines are averages of the employment expectations over the period from January 1985 for construction and over the period from February 1986 for retail trade.

between May and July 2000, but rose again in August 2000. Overall, employment expectations remain at a very high level, with the index well above 50, which corresponds to a situation whereby no change in employment is expected.

Unemployment rate unchanged in July 2000

In July 2000 the standardised rate of unemployment for the euro area stood at 9.1%, unchanged from the level recorded in June 2000 (see Chart 21). This is the first month since January 2000 in which the euro area unemployment rate has not declined. It reflected a fall of only 3,000 in those unemployed between June and July 2000, whereas unemployment had been falling by an average of 120,000 persons a month since January 2000.

The euro area unemployment rate has fallen by 2.5 percentage points in the past three years, from 11.6% in July 1997, mainly reflecting the euro area economic upturn. The fall in unemployment was particularly rapid in the first half of 2000 with a fall of 0.5 percentage point, compared with 0.3 percentage point in the last half of 1999. Considering the recent levelling-off in employment expectations, the rapid pace of decline which prevailed in the first half of 2000 could be entering a slower phase. However, the decline in unemployment is still expected to continue, in line with sustained growth in economic activity and favourable employment expectations.

In terms of the breakdown by age, the unemployment rate for those above 25 years of age remained unchanged in July 2000, compared with June 2000, at 8% (see Table 10). This stabilisation conceals a further

Table 10 Unemployment in the euro area

(as a percentage of the labour force; seasonally adjusted)

	1997	1998	1999	1999 Q3	1999 Q4	2000 Q1	2000 Q2	2000 Feb.	2000 Mar.	2000 Apr.	2000 May	2000 June	2000 July
Total	11.6	10.9	10.0	9.9	9.7	9.5	9.2	9.5	9.4	9.3	9.2	9.1	9.1
Under 25 years ¹⁾	23.2	21.3	19.1	18.9	18.2	18.0	17.3	18.1	17.9	17.6	17.3	17.0	17.1
25 years and over ²⁾	9.9	9.4	8.7	8.6	8.5	8.3	8.1	8.3	8.2	8.1	8.1	8.0	8.0

Source: Eurostat.

Note: According to ILO recommendations.

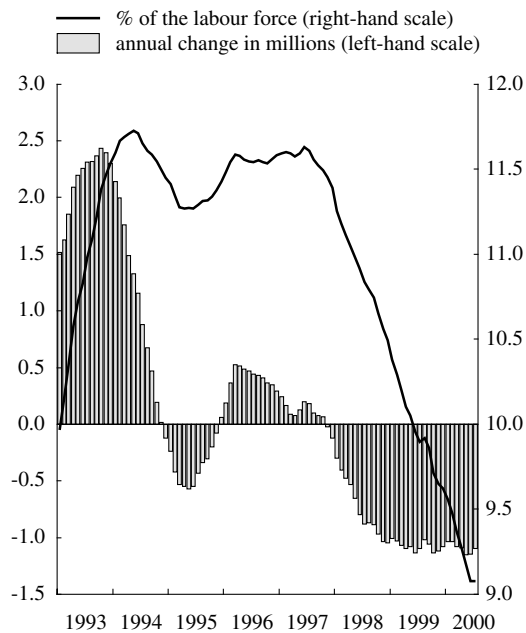
1) In 1999 this category represented 23.3% of total unemployment.

2) In 1999 this category represented 76.7% of total unemployment.

Chart 2 I

Unemployment in the euro area

(monthly data; seasonally adjusted)



Source: Eurostat.

fall in the absolute number of unemployed in this age group, although at a lower pace than in previous months. At the same time, the unemployment rate for young people (those aged 24 and below) increased slightly from 17.0% in June to 17.1% in July 2000. This reflected a month-on-month rise in the number of young unemployed in July 2000 for the first time since January 2000.

Labour market situation is expected to improve further

The increase in employment growth and the further decrease in the rate of unemployment in the first half of 2000 are in line with the ongoing expansion in economic activity. Survey data on employment expectations covering the second quarter of the year point to further improvements in the labour market. Reflecting the positive outlook for growth in an environment of moderate wage increases, the prospects for sustained significant increases in employment accompanied by a reduction in unemployment are favourable. There are, however, already some signs of emerging labour shortages in some sectors of the economy and, as a more general phenomenon in some countries, strong growth in the period ahead may be expected to exacerbate such shortages further.

Employment growth has been strong in relation to real GDP growth in the recent past. The ongoing increase in the number of part-time jobs can be seen as an important factor in sustaining this development. It reflects the greater flexibility of labour markets and improved work incentives through, for instance, cuts in income tax rates and lower social security contributions. While such measures are observed or planned in a number of euro area countries, on average the scope of measures to improve the functioning of labour markets needs to be increased in order to lead to sizeable reductions in euro area structural unemployment. This would also help to reduce the risk of upward pressures on labour costs.

Box 5

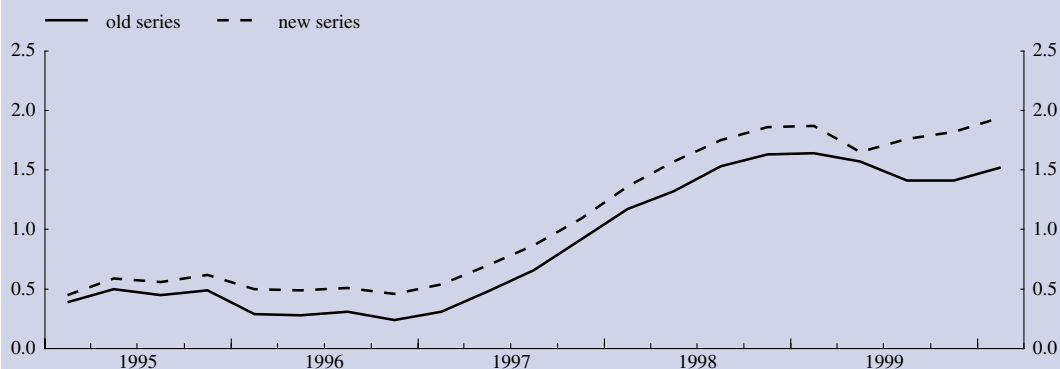
Revisions to employment figures

Employment data for the euro area have been revised as a result of a significant revision of the employment data for Germany. Given the weight of German employment data for the euro area as a whole, the significant revisions to these employment figures have also translated into a substantial change in euro area figures.

The chart below presents a comparison of whole economy employment rates of growth for the euro area based on national sources, using the new and old German data from 1995 to the first quarter of 2000. Two main differences emerge. First, euro area employment growth has been revised upwards for the whole period, but more significantly since 1996. Indeed, annual growth was revised upwards by 0.1 percentage point for 1995 and by 0.2 percentage point for 1996-99. Moreover, in the last quarter of 1999 and the first quarter of 2000, the gap between old and new rates of growth increased to 0.4 percentage point. Second, the pattern of employment growth has also changed. The new data imply a rise in year-on-year employment growth since the second quarter of 1999, instead of from the first quarter of 2000.

Impact of the revisions for whole economy euro area employment growth

(annual percentage changes; quarterly data)



Sources: National data and ECB calculations.

The revised employment figures also had a significant impact on the figures published for euro area productivity growth. In particular, the deceleration in 1998 and 1999 appears to be much more pronounced and the scale of the recovery currently observed appears to be reduced. A small effect has also been observed with regard to estimates of unit labour cost growth, as the downward revisions to the growth in compensation per employee are partly being offset by lower productivity growth.

As indicated above, underlying the changes to euro area figures is a significant revision of German employment data. The German Federal Statistical Office has released preliminary results of a revised estimate of the number of persons in employment since 1991. These figures incorporate new information on the number of part-time workers (as a result of new legal provisions, which have increased the number of employees subject to social security contributions). The change in the data source should, in principle, imply an improvement in the quality and reliability of the published data. However, the differences are considerable. In particular, the new numbers show not only a higher level of employment in Germany, but also significantly different growth rates. While the level of employment increased by 743,000 in the first quarter of 1991, the level was over 2 million higher by the first quarter of 2000. In sectoral terms, employment data have largely been revised upwards in the services sector.

The significant upward revisions to employment data highlight the problems with the main statistics on employment and compensation for the euro area. In particular, in periods in which part-time and temporary

Revision of whole economy euro area employment, productivity and compensation per employee data

(annual percentage change)

	Employment		Productivity		Compensation per employee	
	old data	new data	old data	new data	old data	new data
1992	.	.	2.4	2.3	6.9	6.9
1993	-2.0	-1.9	1.0	0.9	3.9	3.8
1994	-0.5	-0.4	2.7	2.6	2.9	2.8
1995	0.5	0.6	1.9	1.8	3.4	3.3
1996	0.3	0.5	1.2	1.1	3.2	2.9
1997	0.6	0.8	1.8	1.6	2.5	2.3
1998	1.4	1.6	1.3	1.1	1.5	1.4
1999	1.5	1.7	0.9	0.7	2.0	1.8

Sources: National data and ECB calculations.

employment are rising rapidly (and part-time employment is estimated to have accounted for around 45% of total employment growth in the euro area between 1998 and 1999), the use of the number of employees alone has a significant distorting effect, not just for employment, but also for compensation per employee and productivity. The improvement in the measurement of part-time workers in Germany is just one example of this, albeit a particularly striking one. Thus, although the revision of euro area data may be an improvement in terms of recording the number of persons in employment, it cannot be considered to facilitate the assessment of real developments in labour markets, as employment growth increasingly differs from the rate of growth in the actual volume of work and derived measures – such as compensation per employee and productivity – are also affected. Therefore, an analysis of employment numbers for the euro area needs to be supplemented with information on the volume of work (hours worked). The lack of this information for the euro area emphasises again the need for improved labour market statistics in the euro area.

4 Fiscal developments

Budget balances in 2000 benefit from strong revenue growth

The latest harmonised data and estimates available on budgetary developments in the euro area consist of those published in spring 2000 by international organisations. More recent information, as provided by the governments, on budgetary implementation in the first few months of 2000, as well as on recently announced policy measures, is not harmonised across countries and suffers from differences in coverage. Therefore, only tentative assessments of the short and medium-term orientation of public finances can be drawn from the information currently available.

Government budget balances in the euro area in 2000 are likely to turn out to be better than expected as revenues continue to grow

above expectations. The main factor boosting budgetary revenues has been the favourable macroeconomic environment. GDP growth has proved to be higher than anticipated. Furthermore, the composition of demand has continued to be favourable to public finances, and government revenues have also benefited from some temporary effects. Higher than expected growth in private demand and the compensation of employees has been fuelling revenues from direct and indirect taxes and social contributions to a greater extent than was previously envisaged. Oil price developments, as well as the increased housing and stock prices witnessed last year and early this year, have raised value added tax revenues and capital gain-related taxes. Improved enforcement and greater efficiency in tax collection may also have supported tax revenues.

Overall expenditure seems to be developing in line with governments' medium-term plans. However, there are risks of expenditure overruns in 2000, in spite of the introduction of additional rules to strengthen expenditure control in several countries. Spending pressures seem to be increasing in some countries at the level of the local governments and social security funds and with regard to government consumption and

social benefits. Furthermore, there is a risk of an upward drift in public wages associated with the buoyancy of the economy.

The favourable fiscal outlook as compared with initial budget targets does not therefore reflect further progress in fiscal consolidation. Sizeable cuts in direct taxes and social contributions are being implemented in some countries. This introduces a pro-cyclical bias

Box 6

The sale of mobile telephone licences: impact on fiscal developments

Many EU governments are currently organising the sale of UMTS (Universal Mobile Telecommunications System) licences. Most of them are allocating the available licences via multi-unit auctions; only some countries have awarded licences free of charge or for a very modest fee in accordance with technical or other regulatory criteria.

Sales of UMTS licences have already been concluded in Germany, Spain, the Netherlands, Finland and the United Kingdom. The proceeds from the auctions in Germany amounted to 2.5% of GDP and in the United Kingdom to 2.4% of GDP. The auction in the Netherlands raised 0.6% of GDP. The allocation procedures in Finland and Spain involved little or no proceeds. In most other countries, auctions are planned for late 2000 or early 2001. Current estimates of the amounts to be raised in these future auctions range from about 0.5% to 1.5% of GDP, depending on the country and the allocation method.

Eurostat recently adopted a recommendation on how the proceeds of these sales should be recorded in the government accounts of the European System of Accounts 1995 (ESA 95). Generally, the allocation of mobile telephone licences should be recorded as the sale of a non-financial asset by the government to the corporate sector. Revenue is then recorded in the government accounts at the time the licence is awarded, irrespective of the actual payment arrangements. Alternatively, in special cases the licence proceeds may be recorded as rent for the use of the spectrum/frequencies, which implies that the proceeds are booked as regular receipts for the government and are spread out over the lifetime of the contract. This is the case when the licence is not transferable and the contract is for five years or less, or when the full purchasing price is not agreed in advance, but a price is set for a limited period of use only. This alternative procedure is not expected to be followed by many countries, if any at all.

The general treatment of the proceeds recommended by Eurostat highlights the one-off nature of the sale of mobile telephone licences and therefore facilitates their interpretation as one-off windfall receipts. This generally means that government budget balances will show a drastic but only temporary improvement in the year in which the licence is allocated. This procedure discourages the use of these proceeds to increase spending or reduce taxes, since the revenues to finance such plans will not recur in subsequent years.

Information available so far indicates that most countries plan to use these proceeds to reduce government debt or to build up pension reserves. However, some countries intend to use the budgetary latitude created by the reduction in interest payments arising from the lower debt burden to increase primary government spending. The demand impact of UMTS proceeds received by the government is nevertheless expected to be marginal. Most of the money transferred from governments to bond holders via debt redemption is expected to be reinvested in other financial assets, leading only to a portfolio shift, with no major impact on private sector income and demand (see Box 1).

in fiscal policies as the cuts are only partially offset by indirect tax increases or spending restraints.

Many countries are currently organising the sale of UMTS (Universal Mobile Telecommunications System) licences. The inclusion of these proceeds as budget receipts will temporarily generate substantial improvements in budget balances (see Box 6).

Budget targets for 2001 should avoid a pro-cyclical impulse

The euro area countries are currently preparing their budget plans for 2001 and revising their medium-term programmes. Given the robust growth outlook for next year and the beneficial carry-over effect of the better than expected budget balances this year, there is scope for governments to aim for considerably more ambitious fiscal targets in 2001 than those laid down in the updated stability programmes.

However, current budget plans show that further improvements in government budget balances (excluding the proceeds from the sale of UMTS licences) are likely to remain limited in 2001. On average for the euro area as a whole, this adjusted balance is expected to stabilise at the level reached in 2000 and the structural deficit is thus likely to increase. This is mainly caused by major tax reforms which are planned in several Member States. Moreover, the effects of oil and asset price developments may no longer support revenue growth in the coming years.

The ongoing and planned tax reductions are a welcome step towards reducing distortions in the economy and producing positive supply-side effects. However, they should be fully offset by primary spending cuts to prevent a pro-cyclical loosening of fiscal policy. Furthermore, fiscal reforms should be integrated into a comprehensive framework of structural reforms, in order to trigger substantial positive supply-side effects and thereby enhance growth, which, in turn, may facilitate further fiscal consolidation.

Box 7

General government fiscal position in the euro area: a new presentation

The general government fiscal position in the euro area, as presented in Tables 7.1 to 7.3 in the “Euro area statistics” section, now shows more detailed breakdowns of government revenue and expenditure, debt, the change in debt and, for the first time, a reconciliation between the change in debt and the deficit, i.e. the *deficit-debt adjustment*. These data, expressed as a percentage of GDP, are compiled on a consolidated basis and in accordance with the European System of Accounts 1995 (ESA 95). They are aggregated by the ECB from harmonised data provided by the NCBs, using the euro conversion rates from 1999 onwards, and exchange rates based on constant real exchange rates before 1999.

Total government revenue and expenditure shown since April 1999 are conceptually in line with the definition recently agreed at the European level and laid down in Commission Regulation 1500/2000. The inclusion of an explicit definition of total government revenue and expenditure within the ESA 95 is an important step towards ensuring the provision of harmonised euro area data, which are now directly comparable. The difference between government revenue and expenditure is equal to the government surplus/deficit, defined as the government net lending or net borrowing in the Treaty and used in the framework of the Stability and Growth Pact. Government revenue and expenditure cover all non-financial transactions at all levels of government, that is, central, state and local government, as well as social security funds. For the most part they are consolidated at the domestic level, so that revenues of government units which are the expenditure of other government units in the same Member State are eliminated along with internal transactions, while cross-border transactions between governments of different Member States are not consolidated. Government

revenue and expenditure also take into account transactions with and by EU institutions. They thus include taxes levied by the EU, and subsidies and capital transfers paid by the EU directly to non-government beneficiaries. Table 7.1 also shows the link between “government consumption”, a component in GDP, and individual sub-items of government expenditure and revenue. Table 7.2 shows the general government gross consolidated debt at nominal value, as defined in a Protocol to the Treaty and in Council Regulation 475/2000. The consolidation means that those government liabilities held by other government units, such as intra-government cross-lending or social security funds’ holdings of government bonds, are eliminated. Residual maturity of debt helps to track the financing needs of government and the interest rate sensitivity of government interest expenditure. Information on holders and the denomination currency may point to potential volatility and currency risks.

Table 7.3 details the change in debt, expressed as a percentage of GDP, and the difference between the change in debt and the deficit, i.e. the *deficit-debt adjustment*. In addition to an aggregation effect, the change in debt originates, on the one hand, from “transactions” in government debt (issuance minus redemption) and, on the other, from “other flows”: the impact of the appreciation and depreciation of the domestic currency (exchange rate effects), the reclassification of units (other changes in volumes) and effects linked to the nominal value definition (other valuation effects). All but the last of these entries are defined in accordance with the ESA 95. The *deficit-debt adjustment* is detailed in the second part of Table 7.3. In addition to the “other flows” in government debt, the *deficit-debt adjustment* is predominantly derived from (consolidated) transactions in financial assets held by general government, including changes in bank deposits, the acquisition or sale of non-government securities by social security funds, loans by government units to public corporations and to other borrowers, and transactions in equity. The latter include privatisation, which is treated as a sale of financial assets, equity injections undertaken during the “recapitalisation” of public enterprises and other transactions in shares.

Reporting on the reconciliation between the deficit and the change in debt, using a detailed and harmonised presentation, is important from a fiscal and monetary policy perspective. It helps to clarify the reasons behind the substantial and systematically positive *deficit-debt adjustment* observed for much of the past 20 years and the impact of privatisation proceeds in recent years. In addition, *deficit-debt adjustment* tables help to monitor the financial side of government accounts. It could be relevant for the analysis of the fiscal stance if cash expenses were to be booked under financial transactions. This might be the case with equity injections (which easily substitute for subsidies or capital transfers) and skilfully packaged derivatives transactions (in particular those using off-market swaps). The table also provides information on government portfolio restructuring, which, along with the size and structure of the general government borrowing requirement, could have monetary policy implications.

5 Growth and inflation forecasts by various institutions

In the past few months a number of new and revised forecasts of the economic prospects for the euro area up to 2001 have been published. It should be noted, however, that new forecasts from the European Commission, the International Monetary Fund and the Organisation for Economic Co-operation and Development, have not yet been released and will only become available in the latter part of this year. In addition to

differing with regard to the times at which they were prepared, the forecasts also differ in terms of their specific assumptions – notably in respect of interest rates and exchange rate developments over the forecast horizon – and are thus not directly comparable.

Forecasts released by various institutions show a broad consensus that real GDP

Table 11**Comparison of growth and inflation forecasts for the euro area***(annual percentage changes)*

	Finalised in	Real GDP		Consumer prices	
		2000	2001	2000	2001
European Commission ¹⁾	Apr. 2000	3.4	3.1	1.8	1.7
IMF ²⁾	Apr. 2000	3.2	3.2	1.7	1.6
OECD ²⁾	May 2000	3.5	3.3	2.0	2.0
Consensus Economics Forecast ³⁾	Aug. 2000	3.4	3.2	2.0	1.7
Survey of Professional Forecasters ¹⁾	Aug. 2000	3.5	3.2	2.1	1.8

Sources: European Commission; IMF World Economic Outlook; OECD preliminary Economic Outlook; Consensus Economics Forecasts and Survey of Professional Forecasters.

1) Inflation forecast based on HICP.

2) Inflation forecast based on the private consumption deflator.

3) Inflation forecast based on CPI. Exclude data for Luxembourg, which are unavailable.

growth in the euro area in 2000 and 2001 will be above 3% for both years (see Table 11 below). Recent developments suggest higher growth in 2000 than that forecast in early 2000, at which time some international organisations prepared their forecasts. The upturn in growth, which started in the second half of 1999, is expected to be sustained both this year and next. Strong growth among trading partners of the euro area is expected to sustain the growth of exports, while domestic demand is forecast to grow at a strong pace. Further growth in employment and declines in unemployment are generally forecast, feeding through to growth in households' incomes and consumption. Strong demand, high profitability and tight capacity utilisation are also expected to stimulate investment. While growth in 2001 is expected, according to some forecasts, to be slightly lower than in 2000, this essentially reflects the strong carry-over effect of the upturn in growth in 1999 on growth in 2000.

Recent price developments suggest that consumer price inflation in the euro area in 2000 will be higher than had been expected in the early part of the year. A precise comparison between these forecasts is not possible, as they are based on different measures of inflation. However, the overall picture is one of higher inflation in 2000 than in 1999, mainly as a result of increases in oil prices and developments in the exchange rate. The impact of energy prices on inflation is generally forecast to turn negative in the course of 2001. This is expected to be partly offset by pass-through effects from past rises in energy prices and exchange rate developments, together with higher growth in wages. Private sector institutions, as surveyed by Consensus Economics Inc., have generally revised their forecast upwards. According to these forecasts, consumer price inflation in 2001 is generally expected to decline somewhat below 2%. Other institutions project a similar pattern for inflation.

6 The global macroeconomic environment, exchange rates and the balance of payments

The global macroeconomic environment remains positive

Since the last quarterly issue of the ECB Monthly Bulletin was published in June 2000, the macroeconomic environment external to the euro area has continued to improve, with favourable economic conditions in industrialised countries paralleled by sustained economic recovery in emerging market economies. Global growth projections for 2000 have consistently been revised upwards over the past few months, and the current positive growth environment is expected to be maintained in 2001. With regard to industrialised countries, there is evidence of an orderly deceleration in the US economy, while in Japan signs of a reinforcement in economic activity have emerged. Most emerging market economies have displayed strong performances so far this year, with the Asian emerging economies continuing to outperform market expectations. The economic outlook for the largest EU accession countries, as well as for Russia, brightened more rapidly than expected.

This positive global outlook for the world economy – and for the euro area's trading partners in particular – is expected to result in increased demand for the euro area. At the present juncture, the recent increases in oil prices, if persistent, seem to pose the largest risk to the continuation over the medium term of the favourable non-inflationary environment in most regions across the world. Moreover, the possibility cannot be precluded at this stage that growth in some industrialised economies – namely the United States – could end up being higher than currently anticipated.

In the United States the economy has continued to expand at a fast pace, although preliminary signs confirm that economic activity is gradually slowing down. In the second quarter of 2000 real GDP grew at an

annualised rate of 5.3%, markedly above both market consensus and the 4.8% growth rate recorded in the first quarter of 2000. The main factors which contributed to the increase in the pace of GDP growth in the second quarter of 2000 were the sharp increase in inventories and the rebound in public spending. At the same time, while growth in private business investment remained quite high in the second quarter of 2000, growth in private consumption contracted sharply. This decline reflected a weakening in all sub-components of private expenditure and particularly a contraction in the consumption of durable goods.

More recent indicators suggest that the slowdown in private consumption is continuing in the third quarter – although still being confined mostly to housing items – and that the growth rate of private business investment is likely to moderate. In fact, against a 0.7% (month-on-month) growth rate of retail sales in July 2000, housing starts declined by 3.3% (month-on-month), and both the volume and the average price of existing house sales fell during the same period. The contraction in durable goods orders in July by 12.4% (month-on-month) seems to suggest that, in the medium term, private investment will also gradually slow down, even if orders for industrial and IT goods remain strong. Over the long term, the monetary tightening initiated in June 1999 will eventually exert its full impact on the economy, implying a more broadly based slowdown in private consumption as well as a decline in the pace of private investment growth. Consequently, GDP growth in 2001 is expected to be slightly below the average level of the past few years.

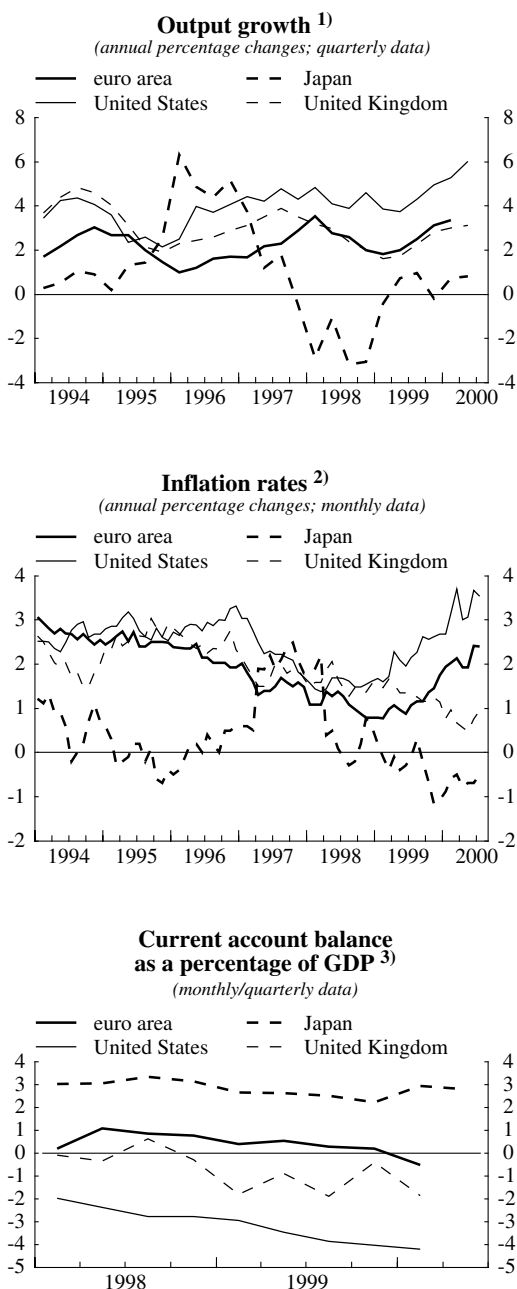
Inflation has not increased, as fast-growing productivity has matched the growth in production costs. In particular, in the second quarter of 2000 total output per hour in the non-farm business sector increased by a record 5.3% (year-on-year), while wage costs, as measured by the employment cost index,

increased by 4.0% (year-on-year). The developments in the consumer price index do not point to further substantial increases in inflation, because although CPI inflation in July 2000 stood at 3.6% year-on-year, CPI inflation excluding energy and food prices remained at 2.4% year-on-year.

On 22 August 2000 the Federal Open Market Committee (FOMC) of the Federal Reserve left its target for the federal funds rate unchanged at 6.5%, which was the level established at its meeting on 16 May 2000. According to the FOMC press release, the decision was taken amidst increasing signs of a forthcoming slowdown in the US economy towards a more sustainable level. The FOMC also mentioned the increasing likelihood that continuing productivity gains recorded in the past few years have been raising the growth rate of GDP that is compatible with price stability, although it called attention to the fact that “risks continue to be weighted mainly toward conditions that may generate heightened inflation pressures in the foreseeable future”.

In Japan the nascent recovery is still being led by strong private investment growth, while sluggish income conditions are hampering a sustained recovery of private consumption. In the first quarter of 2000 real GDP growth rebounded – increasing at an annualised rate of 10% – after having declined by 8.4% in the last quarter of 1999 (see Chart 22). Private business investment grew by 18.8% after having increased by 5.6% in the last quarter of 1999. By contrast, the 6.8% annualised increase in private consumption during the first quarter of 2000 comes after a 6.4% decline in the last quarter of 1999. Leading indicators released in the second quarter of 2000 confirm the continuation in the medium term of the dichotomy between private investment and consumption developments. Strong orders for machinery and the results of the Economic Planning Agency (EPA) survey show a further expected increase in business investment during the third quarter of 2000, whereas declining personal income is likely to hinder further growth of

Chart 22
Main developments in major industrialised economies



Sources: National data, BIS, Eurostat and ECB calculations.

- 1) Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan national data are used.
- 2) Data for the euro area up to 1995 are estimates for the HICP based on national CPI data; after 1995 HICP data are used.
- 3) ECB and Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan national data are used. For the United States, United Kingdom and Japan figures refer to seasonally adjusted data for both GDP and the current account, for the euro area GDP data are seasonally adjusted, while the current account balance data are not seasonally adjusted.

household consumption expenditure. In the longer term, the progress in restructuring the corporate and financial sector should filter into the economy by stabilising unemployment and increasing households' disposable income, so that private consumption can also contribute to the recovery of the economy. Deflationary pressures in Japan – as measured by the wholesale price index – seem to have bottomed out, as the year-on-year inflation rate has been slightly positive since June. Against the background of signs of an abatement of deflationary worries, the Bank of Japan abandoned its 18-month-old “zero interest rate” policy by raising the uncollateralised overnight call rate to 0.25%.

In the United Kingdom real GDP growth accelerated in the second quarter of 2000 to an annualised rate of 3.6%, compared with the rate of 2.1% recorded in the previous quarter. Output growth was broadly based, as industrial production rose by 1.4% quarter-on-quarter, following a 0.8% decline in the first quarter, while services sector output growth accelerated from 0.6% in the first quarter to 0.9%. Domestic demand was the main contributor to growth, up by 0.9% from the first quarter, supported by private and public consumption.

The labour market in the United Kingdom shows further signs of tightness. Unemployment continued to fall during the second quarter of 2000, while employment continued to increase. However, pay pressures lessened perceptibly as the annual rate of increase in the whole economy average earnings index during the second quarter of 2000 fell to 4.1%, down from 5.8% in the first quarter of 2000. Inflation, as measured by the Retail Price Index excluding mortgage interest payments (RPIX), remains below the official target of 2½%. In July 2000 RPIX inflation stood at 2.2% year-on-year, compared with 2.1% in the first quarter of 2000.

In the Asian emerging economies growth remains buoyant, although the worries related

to structural weaknesses in the corporate and financial sectors have not been dispelled completely. Throughout the region, the resurgence of private consumption has been compensating for declining net exports, which have been hit by rising oil prices. Korea and Taiwan remain the fastest-growing economies, but preliminary signs of a slowdown in economic activity to levels more in line with supply capacity are appearing. In China the continuing restructuring of the corporate sector is sustaining GDP growth, as corporate profits are rising and unused capacity in the state-owned enterprises continues to decrease. In terms of output growth, the Philippines and Indonesia remain below the regional average, as the lack of significant progress in public, corporate and financial reforms is hindering the recovery of private demand. Inflationary pressures in the region are building up, particularly in the higher growth countries, but they remain well below pre-crisis levels.

The overall outlook for the largest EU accession countries remains quite positive, as strong export and domestic demand is projected to sustain the ongoing economic upswing. In Poland, however, significant output growth has been accompanied by rising inflation, while the current account deficit continues to be a cause for concern. Hungary is also experiencing robust economic growth, but uncertainty surrounding the pace of disinflation has increased. In the Czech Republic the strengthening of the recovery appears to have halted the upward unemployment trend of the past few years, while some inflationary pressures appear to be emerging. Against this background, economic growth in the Czech economy is likely to consolidate further over the medium term.

The latest data releases have confirmed the recent improvements in economic fundamentals in Russia, mostly as a result of the positive impact of rising energy prices. The currently favourable outlook could, however, be threatened by the lack of progress in the implementation of necessary

structural reforms, as well as by an acceleration of inflationary pressures.

In Latin America recent indicators provide evidence of a strong rebound in economic activity, which is likely to continue in the second half of 2000. Economic activity in Brazil and, in particular, Mexico continues to intensify at a rapid pace, supported by strong domestic sales and foreign demand. However, weak domestic confidence and concerns about fiscal performance are hindering Argentina's recovery, while growth remains uneven across the region's smaller economies. Overall, recent economic developments suggest a promising outlook for growth. However, the region's considerable need for external funds makes it vulnerable to rising financing costs.

The euro declined further in August and until mid-September

Developments in foreign exchange markets in August until mid-September 2000 were characterised by a significant strengthening of the Japanese yen, a decline of the pound sterling and a renewed weakening of the euro. In nominal effective terms – against the currencies of its 13 main trading partners – the euro recorded a 4.2% decline between the beginning of August and mid-September, below the low levels observed in early May 2000. Against the backdrop of economic developments in the United States, Japan and the euro area, standard economic reasoning seems increasingly insufficient to provide a convincing justification for the decline in the external value of the euro. Indeed, markets seem to be reacting asymmetrically to the economic news about the euro area and to that about the major trading partners of the euro area, particularly the United States.

While the interest rate differential between the United States and the euro area has narrowed further (see Box 3 in the "Monetary and financial developments" section of this issue of the ECB Monthly Bulletin), the euro showed renewed signs of

weakness against the US dollar. In early August stronger than expected real GDP growth and persistently robust gains in productivity in the United States in the second quarter of 2000 supported the dollar. While the decision by the Federal Reserve on 22 August to leave interest rates unchanged was widely expected and had no notable influence on the exchange rate, subsequent data releases offering further signals that the US economy may be heading for an orderly slowdown over the medium term, thereby suggesting a narrowing of the growth differential with the euro area, did not provide lasting support for the euro. On 13 September the euro was quoted at USD 0.87, that is 14% lower than on 3 January 2000 (see Chart 23).

Between the beginning of August and mid-September the Japanese yen appreciated against both the euro and the US dollar. The general strengthening of the yen was broadly in line with positive signals concerning the pace of the Japanese recovery. The decision by the Bank of Japan to discontinue its zero interest rate policy on 17 August seems to have increased the market's confidence in the Japanese economic revival. The appreciation of the yen was also linked with the rebound in August of the Japanese stock market, boosted by continuing improvements in corporate sector profits. On 13 September the euro was recorded at JPY 92.8, that is around 9.72% lower than its level on 3 January 2000.

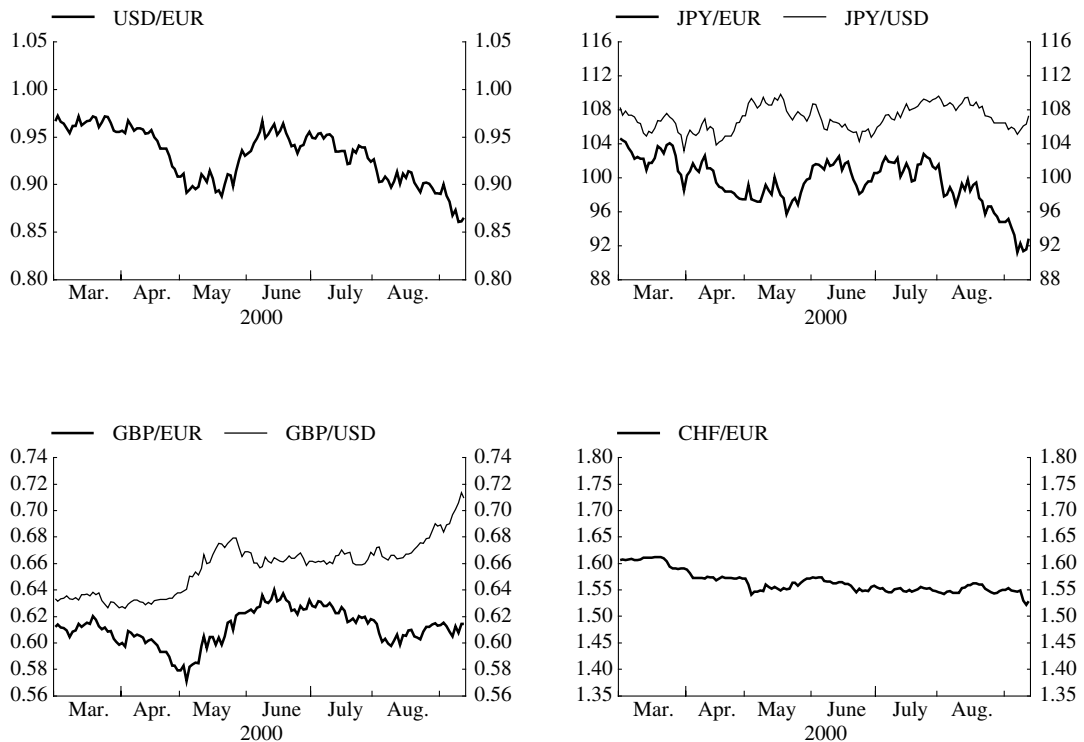
From early August to mid-September, the pound sterling depreciated moderately against the euro and more sharply against the US dollar, reaching its lowest level against the latter currency in seven years. This decline was most likely triggered by the market's perception that the value of the pound was not fully supported by expected developments in economic fundamentals. On 13 September the euro stood at GBP 0.61, i.e. 1.7% below its level on 3 January 2000.

Regarding the currencies within ERM II, the Danish krone remained broadly stable in the

Chart 23

Patterns in exchange rates

(daily data)



Source: ECB.

course of August and early September and was quoted against the euro at DKK 7.47 on 13 September (see Chart 24). The Greek drachma continued to move smoothly towards its central parity. The Bank of Greece decided to cut interest rates by 75 basis points with effect from 6 September. On 13 September the drachma was traded at GRD 338.4 against the euro, roughly 1% above its central parity.

In August and early September the euro fluctuated relatively narrowly against the Swiss franc; in the second week of September the Swiss franc appreciated amidst technical buying. Against the Swedish krona the euro remained broadly stable throughout August and until mid-September.

In nominal effective terms, in mid-September the euro stood at around 17.3% below the level recorded in the first quarter of 1999 and nearly 7.9% below the level recorded at

the beginning of 2000. The various real effective exchange rate indicators of the euro against the narrow group of the euro area's 13 main trading partners – whether deflated by CPI, PPI or ULCM indices – all continued to be significantly below their long-term averages (see Chart 25).

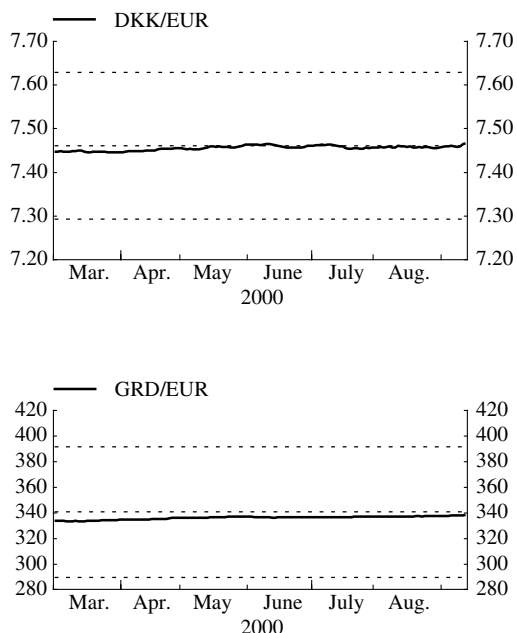
Current account recorded a deficit for the first half of 2000

In June 2000 the current account of the euro area recorded a deficit of €0.1 billion, compared with a surplus of €5.4 billion for the same month last year. This was mostly the result of a decline in the goods surplus (from €11.0 billion to €6.8 billion), combined with a €1.1 billion increase in the deficit on transfers, while the deficits on the services and income accounts remained broadly unchanged.

Chart 24

Patterns of exchange rates within ERM II

(daily data)



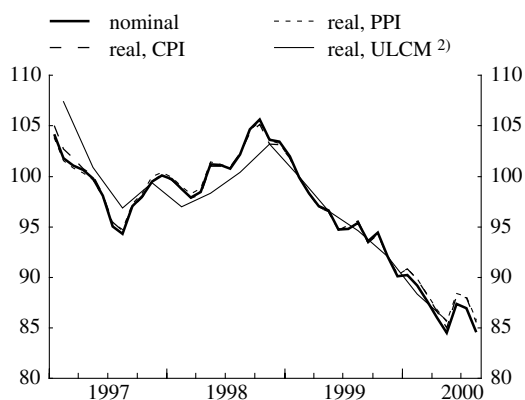
Source: ECB.

Note: The horizontal lines indicate the central parities (DKK 7.46; GRD 340.75, with the latter effective from 17 January 2000) and the respective fluctuation bands ($\pm 2.25\%$ for DKK and $\pm 15\%$ for GRD).

Chart 25

Nominal and real effective exchange rates¹⁾

(monthly/quarterly averages; index: 1999 Q1 = 100)



Source: ECB.

1) Data are ECB calculations (see the article in the April 2000 issue of the ECB Monthly Bulletin). An upward movement of the index represents an appreciation of the euro. The latest observations are for August 2000 and for the ULCM-based REER for the second quarter of 2000.

2) Unit Labour Costs in Manufacturing.

During the first half of 2000 the current account of the euro area recorded a deficit of €11.8 billion, compared with a surplus of €14.9 billion for the same period last year. Continuing the trend of last year, this was primarily due to a lower goods surplus (from €46.4 billion to €27.0 billion), in addition to higher deficits on services, income and current transfers (see Table 12).

Although the value of exports of goods grew strongly during the first six months of this year, rising by 23.3% in comparison with the corresponding months of last year, the value of imports rose even more rapidly – by 32.5%. The rise in the value of euro area exports was mainly due to the growth of export volumes – related to price competitiveness gains and robust foreign demand – while increasing export unit values also had a significant impact. Import growth was fuelled by rising import prices – associated with higher oil prices and the depreciating euro – as well as rising demand in the euro area. High and rising oil prices and the associated increase in the oil trade deficit of the euro area explain a substantial part of the decline in the goods surplus. Preliminary calculations suggest that if oil prices move in line with oil futures prices during the remainder of the year, the oil trade deficit of the euro area may rise by the equivalent of almost 1% of GDP when comparing 2000 with 1998.

Substantial inflow of net portfolio investment in the euro area in June 2000

The main development in the financial account in June was a substantial inflow of net portfolio investment in the euro area of €43.3 billion, compared with net outflows in each of the first five months of 2000 (see Table 12). These net inflows were related to both equity (€18.6 billion) and debt instruments (€24.7 billion). In particular, strong purchases of euro area securities (equity and debt instruments) by foreign investors amounted to €76.3 billion in June. In June foreign investment in both euro area equities (€39.9) and debt instruments (€36.5

Table 12
Balance of payments of the euro area

(EUR billions; not seasonally adjusted)

	1999 Jan. - June	1999 June	2000 Jan. - June	2000 Apr.	2000 May	2000 June
Current account balance	14.9	5.4	-11.8	-3.2	-0.6	-0.1
Credits	625.9	116.8	740.4	115.9	133.7	131.2
Debits	611.0	111.4	752.2	119.1	134.4	131.3
Goods balance	46.4	11.0	27.0	6.0	5.0	6.8
Exports	372.7	69.1	459.4	72.3	83.4	82.5
Imports	326.4	58.1	432.4	66.3	78.4	75.7
Services balance	-3.0	-0.1	-7.1	-1.2	-0.2	-0.3
Exports	110.0	21.6	123.4	20.0	22.0	22.8
Imports	113.0	21.7	130.5	21.2	22.2	23.2
Income balance ¹⁾	-13.5	-2.3	-15.3	-3.9	-2.8	-2.3
Current transfers balance	-14.9	-3.2	-16.4	-4.0	-2.6	-4.3
Capital account balance	6.2	1.4	5.4	1.5	0.6	0.4
Financial account balance	-61.4	-12.2	44.0	5.0	7.0	-15.8
Direct investment	-68.2	-18.9	128.6	-6.2	-10.7	-2.5
Abroad	-113.2	-25.3	-128.3	-18.6	-35.6	-10.9
Equity capital and reinvested earnings	.	.	-69.3	-8.5	-15.1	-12.5
Other capital, mostly intercompany loans	.	.	-59.0	-10.1	-20.5	1.7
In the euro area	45.1	6.4	256.9	12.4	24.9	8.4
Equity capital and reinvested earnings	.	.	209.5	6.3	8.9	3.1
Other capital, mostly intercompany loans	.	.	47.5	6.1	16.0	5.4
Portfolio investment	-61.7	7.9	-162.2	-7.9	-5.1	43.3
Assets	-150.9	-25.5	-242.3	-25.8	-29.7	-33.0
Equity	-62.6	-13.5	-174.3	-18.2	-18.0	-21.3
Debt instruments	-88.4	-12.0	-68.0	-7.6	-11.7	-11.8
Liabilities	89.2	33.4	80.1	17.9	24.6	76.3
Equity	25.8	12.3	-66.4	-4.7	4.1	39.9
Debt instruments	63.4	21.1	146.5	22.6	20.5	36.5
Financial derivatives	-2.0	-0.1	6.4	2.1	0.3	1.5
Other investment	58.4	-2.3	67.7	16.8	21.2	-61.6
Reserve assets	12.1	1.3	3.5	0.2	1.3	3.4
Errors and omissions	40.3	5.4	-37.6	-3.4	-7.0	15.6

Source: ECB.

Note: Figures may not add up due to rounding. For the financial account, a positive sign indicates an inflow, a negative sign an outflow; for reserve assets, a negative sign indicates an increase, a positive sign a decrease. A more detailed set of tables can be found in Section 8 of the "Euro area statistics" section of this issue of the ECB Monthly Bulletin.

1) Monthly figures for 1999 are not closely comparable with later observations.

billion) reached the highest level since reporting began in January 1998. By contrast, net direct investment outflows were muted in June at €2.5 billion.

Over the first six months of 2000 as a whole the combined net direct and portfolio investment outflows amounted to €33.6 billion, substantially lower than in the same

period in 1999 (€129.9 billion). This development mainly reflects significant net direct investment inflows (€128.6 billion) – as compared with net outflows of €68.2 billion recorded in the first half of 1999 – resulting from a strong increase in direct investment in the euro area (amounting to €256.9 billion, from €45.1 billion in the first six months of 1999), which more than offset

the rise in direct investment abroad by euro area residents (to €128.3 billion, from €113.2 billion in the first half of 1999).

Net inflows in direct investment were contrasted by net portfolio investment outflows, which increased to €162.2 billion in the first half of 2000, from €61.7 billion in the same period last year. In particular, net equity outflows amounted to €240.8 billion, as compared with €36.7 billion in the first six months of 1999. The main factor determining the high level of both equity outflows and

direct investment inflows has been a large direct investment in the euro area against the exchange of shares. Net equity outflows were only partially offset by net inflows in debt instruments in the period from January to June 2000 (€78.5 billion, as compared with net outflows of €25.0 billion in the first six months of 1999). This shift from net outflows to net inflows was related to a sharp increase in the purchase of euro area bonds and notes by foreign investors, to €97.8 billion, up from €36.6 billion in the first six months of 1999.



Euro area statistics



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Conventions used in the tables

“-”	Data do not exist.
“.”	Data are not yet available.
“...”	nil or negligible
“billion”	10 ⁹
^(p)	provisional
s.a.	seasonally adjusted

Euro area overview table

Summary table of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates

	M1 ¹⁾	M2 ¹⁾	M3 ¹⁾		MFI loans to euro area residents excluding MFIs and general government ¹⁾	Securities issued by non-financial and non-monetary financial corporations ¹⁾	3-month interest rate (EURIBOR, % per annum, period averages) ⁷⁾	10-year government bond yield (% per annum, period averages) ⁸⁾
	1	2	3	3-month moving average (centred) ⁴⁾				
1999	12.3	6.7	5.6	-	10.0	.	2.96	4.66
1999 Q2	11.7	6.4	5.4	-	9.9	.	2.63	4.26
Q3	13.0	7.1	5.7	-	10.1	.	2.70	5.05
Q4	12.0	6.4	5.9	-	9.9	.	3.43	5.32
2000 Q1	10.0	4.8	5.9	-	9.2	23.3	3.55	5.61
Q2	9.4	4.8	6.2	-	10.0	20.7	4.27	5.43
Q3	.	.	.	-	.	.	.	.
2000 Mar.	10.0	5.0	6.5	6.4	9.8	21.1	3.75	5.49
Apr.	11.2	5.4	6.6	6.4	10.3	21.1	3.93	5.41
May	8.6	4.6	5.9	6.0	10.2	22.1	4.35	5.52
June	6.8	4.1	5.4	5.5	9.3	16.8	4.50	5.35
July	6.8	3.7	5.3	.	8.9	.	4.58	5.45
Aug.	.	.	.	.	.	.	4.78	5.40

2. Price and real economy developments

	HICP	Industrial producer prices	Hourly labour costs (whole economy)	Real GDP	Industrial production (excluding construction)	Capacity utilisation in manufacturing (percentages)	Employment (whole economy)	Unemployment (% of labour force)
	9	10	11	12	13	14	15	16
1999	1.1	-0.4	2.2	2.4	1.8	81.8	1.7	10.0
1999 Q2	1.0	-1.4	2.0	2.0	0.5	81.8	1.6	10.0
Q3	1.1	0.1	2.3	2.5	2.4	81.6	1.7	9.9
Q4	1.5	2.2	2.4	3.1	4.1	81.9	1.7	9.7
2000 Q1	2.0	4.4	3.6	3.4	4.9	83.0	1.9	9.5
Q2	2.1	5.1	.	.	5.9	83.7	.	9.2
Q3	.	.	.	.	.	83.9	.	.
2000 Mar.	2.1	4.8	-	-	5.3	-	-	9.4
Apr.	1.9	4.6	-	-	5.9	-	-	9.3
May	1.9	5.2	-	-	8.1	-	-	9.2
June	2.4	5.6	-	-	3.7	-	-	9.1
July	2.4	5.5	-	-	.	-	-	9.1
Aug.	.	.	-	-	.	-	-	.

3. Balance of payments, reserve assets and exchange rates

(EUR billions, unless otherwise indicated)

	Balance of payments (net flows)				Reserve assets (end-of-period positions)	Effective exchange rate of the euro: broad group (1999 Q1 = 100)		US dollar/euro exchange rate
	Current and capital accounts	Of which goods	Direct investment	Portfolio investment		Nominal	Real (CPI)	
1999	36.1	99.5	-138.8	-28.9	372.4	96.6	95.8	1.066
1999 Q2	12.0	24.8	-52.6	-7.0	.	96.5	96.0	1.057
Q3	6.2	26.6	-23.3	29.8	.	95.5	94.6	1.049
Q4	8.8	26.5	-47.3	3.0	372.4	94.2	92.6	1.038
2000 Q1	-5.0	9.3	148.0	-192.6	385.4	91.1	89.5	0.986
Q2	-1.4	17.7	-19.4	30.4	385.7	88.4	86.6	0.933
Q3	.	.	.	.	.	.	.	.
2000 Mar.	2.5	5.6	1.1	-34.4	385.4	89.7	88.1	0.964
Apr.	-1.6	6.0	-6.2	-7.9	399.6	88.4	86.7	0.947
May	0.0	5.0	-10.7	-5.1	388.8	86.9	85.1	0.906
June	0.3	6.8	-2.5	43.3	385.7	89.9	88.1	0.949
July	.	.	.	.	391.3	89.4	87.6	0.940
Aug.	.	.	.	.	.	87.0	85.0	0.904

Sources: ECB, European Commission (Eurostat and Economic and Financial Affairs DG) and Reuters.

For more information on the data see the relevant tables in the "Euro area statistics" section.

1) Monthly growth rates refer to the end of the period, whereas quarterly and annual growth rates are calculated as period averages.

I Monetary policy statistics

Table 1.1

Consolidated financial statement of the Eurosystem

(EUR millions)

1. Assets

	Gold and gold receivables	Claims on non-euro area residents in foreign currency	Claims on euro area residents in foreign currency	Claims on non-euro area residents in euro	Lending to financial sector counterparties in the euro area in euro	Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations
	1	2	3	4	5	6	7	8
2000 14 Apr.	115,677	267,972	16,706	4,564	190,999	129,864	60,000	0
21	115,677	267,366	17,335	4,829	201,782	140,115	60,000	0
28	115,677	267,406	17,349	4,833	209,911	147,156	59,999	0
5 May	115,677	266,475	17,500	4,834	214,169	152,812	59,999	0
12	115,677	264,161	18,202	4,680	196,865	135,608	59,999	0
19	115,677	270,555	17,825	4,988	198,601	137,533	59,999	0
26	115,677	267,485	17,556	4,988	205,413	144,080	59,995	0
2 June	115,677	265,353	19,344	4,850	201,957	140,340	59,905	0
9	115,677	264,791	18,333	4,722	198,214	136,728	59,905	0
16	115,677	264,177	18,138	4,717	204,375	142,783	59,905	0
23	115,677	263,531	18,262	4,529	206,453	142,020	59,905	0
30	121,188	263,926	18,325	4,130	234,528	172,961	59,907	0
7 July	120,911	262,183	18,311	4,299	218,320	157,001	59,907	0
14	120,911	261,515	18,115	4,425	217,434	157,002	59,907	0
21	120,911	262,887	17,539	4,020	212,425	152,004	59,907	0
28	120,911	264,105	16,676	3,776	226,277	170,999	54,911	0
4 Aug.	120,911	263,524	16,329	3,708	218,337	163,001	54,911	0
11	120,911	262,539	15,693	4,065	211,125	156,002	54,911	0
18	120,911	264,354	15,066	4,442	220,131	165,002	54,911	0
25	120,911	263,684	15,254	4,214	222,715	166,999	54,911	0
1 Sep.	120,911	263,927	15,735	4,392	231,172	180,999	49,999	0
8	120,911	265,579	14,347	4,094	226,322	176,001	49,999	0

2. Liabilities

	Banknotes in circulation	Liabilities to financial sector counterparties in the euro area in euro	Current accounts (covering the minimum reserve system)	Deposit facility	Fixed-term deposits	Fine-tuning reverse operations	Deposits related to margin calls	Debt certificates issued
	1	2	3	4	5	6	7	8
2000 14 Apr.	351,012	101,179	101,157	22	0	0	0	6,265
21	355,714	113,857	109,440	4,416	0	0	1	6,265
28	354,266	111,871	101,478	10,371	0	0	22	6,265
5 May	355,893	122,195	122,129	41	0	0	25	6,265
12	354,655	104,640	104,335	291	0	0	14	6,265
19	352,117	118,570	118,401	150	0	0	19	6,265
26	350,858	115,949	115,908	26	0	0	15	6,265
2 June	355,498	114,669	114,637	25	0	0	7	6,265
9	357,130	109,696	109,665	25	0	0	6	6,265
16	354,702	116,117	116,072	33	0	0	12	6,265
23	353,587	109,841	108,429	1,400	0	0	12	6,265
30	355,726	120,417	120,316	91	0	0	10	6,265
7 July	359,442	112,936	112,782	151	0	0	3	6,265
14	359,514	109,930	109,883	45	0	0	2	6,265
21	357,627	114,910	111,113	3,794	0	0	3	6,265
28	358,533	113,458	113,406	49	0	0	3	6,265
4 Aug.	362,200	115,833	115,797	34	0	0	2	6,265
11	361,546	106,584	106,343	240	0	0	1	6,265
18	357,961	116,105	115,983	122	0	0	0	6,265
25	353,848	106,518	106,487	29	0	0	2	6,265
1 Sep.	355,876	119,054	119,021	27	0	0	6	6,265
8	357,489	113,148	112,951	197	0	0	0	6,265

Source: ECB.

Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other claims	Securities of euro area residents in euro	General government debt in euro	Other assets	Total		
							9	10		11	12	13	14	15	16
0	289	76	770	25,034	59,021	85,629	765,602	2000	14 Apr.
0	430	60	1,177	24,944	59,021	86,251	777,205		21
0	1,573	29	1,154	24,937	59,021	83,828	782,962		28
0	144	32	1,182	25,347	59,032	83,446	786,480		5 May
0	92	35	1,131	25,225	59,032	84,232	768,074		12
0	135	30	904	25,103	59,026	84,128	775,903		19
0	193	41	1,104	25,191	59,026	83,886	779,222		26
0	330	81	1,301	25,030	59,026	83,657	774,894		2 June
0	163	56	1,362	25,163	59,026	84,056	769,982		9
0	80	49	1,558	24,852	58,986	83,897	774,819		16
0	3,050	53	1,425	25,171	58,986	84,159	776,768		23
0	145	89	1,426	25,086	58,986	86,299	812,468		30
0	362	86	964	25,149	58,986	85,321	793,480		7 July
0	61	15	449	25,083	58,986	84,710	791,179		14
0	156	9	349	25,310	58,986	84,613	786,691		21
0	1	25	341	25,435	58,986	84,559	800,725		28
0	62	24	339	25,382	58,986	84,909	792,086		4 Aug.
0	48	17	147	25,487	58,986	84,972	783,778		11
0	5	65	148	25,539	58,986	84,860	794,289		18
0	614	45	146	25,474	58,986	85,730	796,968		25
0	17	16	141	25,271	58,986	82,024	802,418		1 Sep.
0	68	114	140	25,400	58,986	82,127	797,766		8

Liabilities to other euro area residents in euro	Liabilities to non-euro area residents in euro	Liabilities to euro area residents in foreign currency	Liabilities to non-euro area residents in foreign currency	Counterpart of special drawing rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	Total		
								9	10		11	12	13	14	15	16	17
51,133	7,086	884	13,039	6,763	55,630	118,007	54,604	765,602	2000	14 Apr.
45,684	7,323	958	13,035	6,763	54,995	118,007	54,604	777,205		21
53,831	7,694	816	13,523	6,763	55,321	118,007	54,605	782,962		28
45,523	7,357	805	13,271	6,763	55,739	118,007	54,662	786,480		5 May
46,144	7,120	915	12,361	6,763	56,541	118,007	54,663	768,074		12
37,673	7,158	921	17,910	6,763	55,540	118,007	54,979	775,903		19
47,699	7,269	840	14,723	6,763	55,869	118,007	54,980	779,222		26
40,153	7,242	842	14,362	6,763	56,112	118,007	54,981	774,894		2 June
39,480	7,842	817	13,204	6,763	55,664	118,007	55,114	769,982		9
41,339	7,081	815	12,578	6,763	56,037	118,007	55,115	774,819		16
50,836	7,131	819	12,281	6,763	56,123	118,007	55,115	776,768		23
65,224	7,305	814	13,272	6,691	60,749	120,893	55,112	812,468		30
53,038	7,353	821	11,701	6,691	59,208	120,895	55,130	793,480		7 July
54,117	7,206	812	11,300	6,691	59,319	120,895	55,130	791,179		14
45,923	7,364	812	11,181	6,691	59,892	120,895	55,131	786,691		21
60,120	7,296	814	11,784	6,691	59,738	120,895	55,131	800,725		28
45,761	7,149	840	11,199	6,691	60,121	120,895	55,132	792,086		4 Aug.
48,055	7,299	841	10,108	6,691	60,361	120,895	55,133	783,778		11
50,689	7,549	800	10,821	6,691	61,380	120,895	55,133	794,289		18
65,464	8,120	800	10,727	6,691	62,506	120,895	55,134	796,968		25
60,743	7,427	827	11,057	6,691	58,448	120,895	55,135	802,418		1 Sep.
60,261	7,195	827	11,493	6,691	58,366	120,895	55,136	797,766		8

Table 1.2**ECB interest rates***(levels in percentages per annum; changes in percentage points)*

With effect from ¹⁾	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders			
	Level 1	Change 2	Fixed rate	Minimum bid rate	Change 5	Level 6	Change 7
			Level 3	Level 4			
1999 1 Jan.	2.00	-	3.00	-	-	4.50	-
4 ²⁾	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 ³⁾	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25

Source: ECB.

- 1) The date refers to the deposit and marginal lending facilities. For main refinancing operations, unless otherwise indicated, changes in the rate are effective from the first operation following the date indicated.
- 2) On 22 December 1998 the ECB announced that, as an exceptional measure between 4 and 21 January 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new regime by market participants.
- 3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.

Table 1.3**Eurosystem monetary policy operations allotted through tenders ¹⁾***(EUR millions; interest rates in percentages per annum)***1. Main refinancing operations**

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders			Running for (...) days
			Fixed rate	Minimum bid rate	Marginal rate	Weighted average rate	
	1	2	3	4	5	6	7
2000 1 Mar.	2,901,133	89,000	3.25	-	-	-	14
8	1,627,522	47,000	3.25	-	-	-	14
15	4,165,993	85,000	3.25	-	-	-	14
22	1,661,995	52,000	3.50	-	-	-	14
29	3,022,435	89,000	3.50	-	-	-	14
5 Apr.	2,869,408	48,000	3.50	-	-	-	14
12	4,290,278	82,000	3.50	-	-	-	15
19	4,277,306	58,000	3.50	-	-	-	15
27	5,492,939	89,000	3.50	-	-	-	13
4 May	4,624,944	64,000	3.75	-	-	-	13
10	6,352,776	72,000	3.75	-	-	-	14
17	6,574,441	66,000	3.75	-	-	-	14
24	7,057,234	78,000	3.75	-	-	-	14
31	7,127,001	62,000	3.75	-	-	-	15
7 June	8,491,195	75,000	3.75	-	-	-	14
15	3,544,808	68,000	4.25	-	-	-	13
21	1,867,673	74,000	4.25	-	-	-	14
28 ²⁾	201,612	99,000	-	4.25	4.29	4.32	14
5 July	171,848	58,000	-	4.25	4.29	4.30	14
12	192,977	99,000	-	4.25	4.29	4.30	14
19	160,519	53,000	-	4.25	4.29	4.30	14
26	211,485	118,000	-	4.25	4.30	4.31	14
2 Aug.	172,252	45,000	-	4.25	4.31	4.31	14
9	199,922	111,000	-	4.25	4.30	4.31	14
16	173,995	54,000	-	4.25	4.35	4.37	14
23	218,102	113,000	-	4.25	4.47	4.50	14
30	149,939	68,000	-	4.25	4.68	4.71	14
6 Sep.	190,506	108,000	-	4.50	4.55	4.57	14
13	158,302	63,000	-	4.50	4.58	4.59	14

Source: ECB.

- 1) The amounts shown may differ slightly from those in Table 1.1, columns 6 to 8, due to operations allotted but not settled.
- 2) See footnote 3 to Table 1.2. The marginal rate refers to the lowest rate at which funds were allotted.

2. Longer-term refinancing operations

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		Running for (...) days
			Fixed rate	Marginal rate ³⁾	Weighted average rate	
	1	2	3	4	5	6
1999 14 Jan.	79,846	15,000	-	3.13	-	42
14	39,343	15,000	-	3.10	-	70
14	46,152	15,000	-	3.08	-	105
25 Feb.	77,300	15,000	-	3.04	-	91
25 Mar.	53,659	15,000	-	2.96	2.97	98
29 Apr.	66,911	15,000	-	2.53	2.54	91
27 May	72,294	15,000	-	2.53	2.54	91
1 July	76,284	15,000	-	2.63	2.64	91
29	64,973	15,000	-	2.65	2.66	91
26 Aug.	52,416	15,000	-	2.65	2.66	91
30 Sep.	41,443	15,000	-	2.66	2.67	84
28 Oct.	74,430	25,000	-	3.19	3.42	91
25 Nov.	74,988	25,000	-	3.18	3.27	98
23 Dec.	91,088	25,000	-	3.26	3.29	98
2000 27 Jan.	87,052	20,000	-	3.28	3.30	91
2 Mar.	72,960	20,000	-	3.60	3.61	91
30	74,929	20,000	-	3.78	3.80	91
27 Apr.	64,094	20,000	-	4.00	4.01	91
1 June	64,317	20,000	-	4.40	4.42	91
29	41,833	20,000	-	4.49	4.52	91
27 July	40,799	15,000	-	4.59	4.60	91
31 Aug.	35,417	15,000	-	4.84	4.87	91

3. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		Running for (...) days
				Fixed rate	Marginal rate ³⁾	Weighted average rate	
	1	2	3	4	5	6	7
2000 5 Jan.	Collection of fixed-term deposits	14,420	14,420	-	3.00	3.00	7
21 June	Reverse transaction	18,845	7,000	-	4.26	4.28	1

3) See footnote 2.

Table 1.4**Minimum reserve statistics****1. Reserve base of credit institutions subject to reserve requirements ^{1) 2)}***(EUR billions; end of period)*

Reserve base as at:	Total	Liabilities to which a 2% reserve coefficient is applied			Liabilities to which a 0% reserve coefficient is applied		
		Deposits (overnight, up to 2 years' agreed maturity and notice period)	Debt securities up to 2 years' agreed maturity	Money market paper	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6	7
1999 July	8,848.9	4,895.7	109.2	155.5	1,153.5	513.8	2,021.2
Aug.	8,856.3	4,893.0	113.2	165.4	1,164.9	484.8	2,035.0
Sep.	8,969.1	4,912.7	120.6	170.0	1,166.5	537.2	2,062.1
Oct.	9,083.7	4,967.3	129.0	178.5	1,180.3	554.2	2,074.5
Nov.	9,295.2	5,079.6	135.9	202.9	1,193.3	562.6	2,121.0
Dec.	9,187.4	5,123.4	113.5	169.3	1,204.9	503.5	2,072.8
2000 Jan.	9,265.7	5,164.6	108.0	156.8	1,210.3	547.9	2,078.2
Feb.	9,338.9	5,189.6	114.5	164.5	1,220.7	553.1	2,096.4
Mar.	9,490.8	5,306.7	117.1	174.9	1,231.3	543.8	2,116.9
Apr.	9,629.4	5,411.5	116.7	174.7	1,243.2	537.5	2,145.9
May	9,641.5	5,390.3	118.4	188.4	1,241.3	541.4	2,161.7
June	9,539.4	5,316.9	120.4	184.7	1,250.6	506.7	2,160.1
July ^(p)	9,584.2	5,348.8	119.8	191.9	1,258.1	484.0	2,181.6

Source: ECB.

- 1) Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks, are excluded from the reserve base. If a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years and of money market paper held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. This percentage was 10% for calculating the reserve base until November 1999, and 30% thereafter.
- 2) Maintenance periods start on the 24th of the month and run to the 23rd of the following month; the required reserve is calculated from the reserve base as at the end of the preceding month.

2. Reserve maintenance ¹⁾*(EUR billions; interest rates as annual percentages)*

Maintenance period ending in:	Required reserves ²⁾	Actual reserves ³⁾	Excess reserves ⁴⁾	Deficiencies ⁵⁾	Interest rate on minimum reserves ⁶⁾
	1	2	3	4	5
1999 Sep.	102.6	103.0	0.5	0.0	2.50
Oct.	102.8	103.3	0.6	0.0	2.50
Nov.	103.4	104.0	0.5	0.0	2.73
Dec.	104.9	105.4	0.5	0.0	3.00
2000 Jan.	107.7	108.5	0.8	0.0	3.00
Feb.	107.5	107.9	0.4	0.0	3.12
Mar.	108.0	108.4	0.5	0.0	3.27
Apr.	108.7	109.5	0.8	0.0	3.50
May	111.3	111.8	0.5	0.0	3.67
June	113.4	113.9	0.5	0.0	3.90
July	113.3	114.0	0.7	0.0	4.28
Aug.	111.8	112.3	0.5	0.0	4.32
Sep. ^(p)	112.6	-	-	-	-

Source: ECB.

- 1) This table contains full data for completed maintenance periods and required reserves for the current maintenance period.
- 2) The amount of reserve requirement of each individual credit institution is first calculated by applying the reserve ratio for the corresponding categories of liabilities to the eligible liabilities, using the balance sheet data as at the end of each calendar month; subsequently, each credit institution deducts from this figure a lump-sum allowance of EUR 100,000. The resulting reserve requirements are then aggregated at the euro area level.
- 3) Aggregate average daily holdings of credit institutions required to hold a positive amount of reserves on their reserve accounts over the maintenance period.
- 4) Average actual reserve holdings over the maintenance period in excess of the required reserves, computed on the basis of those credit institutions that have fulfilled the reserve requirement.
- 5) Average shortfalls of actual reserve holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled the reserve requirement.
- 6) This rate equals the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's main refinancing operations (see Table 1.3).

Table 1.5
Banking system's liquidity position ¹⁾
(EUR billions; period averages of daily positions)

Maintenance period ending in:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts ⁴⁾	Base money ⁵⁾
	Monetary policy operations of the Eurosystem					Deposit facility	Other liquidity-absorbing operations ²⁾	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) ³⁾		
	Eurosystem's net assets in gold and foreign currency ¹⁾	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations ²⁾							
1	2	3	4	5	6	7	8	9	10	11	12	
1999 Feb.	328.2	104.6	34.2	3.8	30.2	1.3	0.2	329.3	41.0	28.9	100.3	430.9
Mar.	323.6	136.4	45.0	0.4	0.0	1.4	0.0	326.9	49.8	25.0	102.2	430.5
Apr.	338.4	130.1	45.0	0.7	0.0	0.3	0.0	331.0	42.9	39.0	101.1	432.3
May	342.5	121.6	45.0	0.8	0.0	0.4	0.0	333.9	36.3	38.0	101.2	435.5
June	339.8	132.0	45.0	0.4	0.0	0.6	0.0	337.0	40.4	37.2	101.9	439.6
July	342.4	143.1	45.0	0.4	0.0	0.5	0.0	342.1	45.7	39.5	102.9	445.6
Aug.	343.2	150.1	45.0	0.5	0.0	1.0	0.0	344.8	47.3	42.1	103.6	449.4
Sep.	343.5	150.4	45.0	0.2	0.0	0.7	0.0	342.1	51.4	41.6	103.2	446.0
Oct.	349.7	143.0	45.0	0.3	0.0	0.6	0.0	342.5	45.4	45.9	103.5	446.7
Nov.	351.8	140.5	53.7	0.3	0.0	0.4	0.0	343.1	51.5	47.3	104.2	447.6
Dec.	351.7	150.4	65.0	0.3	0.0	1.0	0.0	354.3	59.0	47.5	105.6	460.8
2000 Jan.	362.3	138.5	75.0	1.9	0.0	0.5	3.3	363.0	41.0	61.2	108.7	472.3
Feb.	367.8	130.9	70.5	0.1	0.0	0.2	0.0	347.6	49.2	64.2	108.1	455.9
Mar.	369.2	136.1	66.2	0.2	0.0	0.3	0.0	347.6	51.7	63.5	108.6	456.4
Apr.	377.1	136.7	61.0	0.2	0.0	0.9	0.0	349.7	45.6	69.1	109.7	460.3
May	378.8	142.6	60.0	0.4	0.0	2.3	0.0	353.8	41.9	71.8	112.0	468.2
June	378.1	140.9	59.9	0.3	0.2	0.8	0.0	354.1	38.3	72.1	114.2	469.1
July	380.8	157.9	59.9	0.4	0.0	0.5	0.0	357.0	50.4	76.8	114.2	471.7
Aug.	382.0	163.1	55.4	0.1	0.0	0.3	0.0	359.2	48.8	80.0	112.4	471.9

Source: ECB.

- 1) The banking system's liquidity position is defined as the current account holdings in euro of credit institutions in the euro area with the Eurosystem. Amounts are derived from the consolidated financial statement of the Eurosystem.
- 2) Includes monetary policy operations initiated by national central banks in Stage Two and outstanding at the start of Stage Three (excluding outright operations and the issuance of debt certificates).
- 3) Remaining items in the consolidated financial statement of the Eurosystem.
- 4) Equal to the difference between the sum of liquidity-providing factors (items 1 to 5) and the sum of liquidity-absorbing factors (items 6 to 10).
- 5) Calculated as the sum of the deposit facility (item 6), banknotes in circulation (item 8) and credit institutions' current account holdings (item 11).

2 Monetary developments in the euro area

Table 2.1

Aggregated balance sheet of the Eurosystem ¹⁾

(EUR billions (not seasonally adjusted; end of period))

1. Assets

													Total		
	Loans to euro area residents	MFIs	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	MFIs	General government	Other euro area residents	Holdings of shares/ other equity issued by euro area residents	MFIs	Other euro area residents	External assets ²⁾	Fixed assets	Re-remaining assets	15
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1997	237.2	215.5	21.1	0.6	114.0	0.7	111.8	1.5	2.9	0.5	2.4	324.1	7.0	51.6	736.7
1998 Q3	302.8	281.5	21.1	0.2	82.7	1.0	81.0	0.7	4.8	2.0	2.8	329.4	8.0	50.0	777.6
Q4	225.2	204.6	20.4	0.1	87.8	1.1	86.2	0.5	5.5	1.8	3.7	322.3	7.9	49.3	698.0
1999 Q1	608.5	587.9	20.4	0.2	94.0	1.5	91.9	0.6	8.1	4.0	4.1	427.3	9.3	52.2	1,199.6
Q2	788.8	768.3	20.4	0.2	92.4	1.5	90.0	0.9	8.7	4.4	4.3	498.6	9.7	47.1	1,445.3
1999 July	755.2	734.7	20.4	0.2	92.3	1.5	89.9	0.9	8.7	4.4	4.3	452.0	9.8	51.6	1,369.8
Aug.	530.8	510.2	20.4	0.2	91.9	1.1	90.0	0.7	8.8	4.4	4.4	423.0	9.9	52.8	1,117.1
Sep.	456.9	436.3	20.4	0.2	92.4	1.4	89.9	1.1	8.7	4.3	4.4	427.9	9.8	47.9	1,043.7
Oct.	567.0	546.4	20.4	0.2	92.4	1.9	89.4	1.2	8.6	4.3	4.3	432.6	9.9	53.9	1,164.3
Nov.	508.4	487.8	20.4	0.2	92.6	2.1	89.4	1.1	8.8	4.2	4.6	410.3	9.9	56.0	1,086.1
Dec.	442.3	422.1	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	55.8	1,011.9
2000 Jan.	463.6	443.2	19.8	0.6	90.3	1.7	87.6	1.0	14.2	4.4	9.8	424.3	9.9	52.1	1,054.4
Feb.	382.2	361.8	19.8	0.6	93.2	1.8	90.4	1.0	14.2	4.3	9.8	417.5	9.8	52.2	969.0
Mar.	443.2	424.3	18.4	0.5	96.2	2.4	92.7	1.1	14.4	4.3	10.1	439.1	9.8	48.6	1,051.3
Apr.	465.5	446.6	18.4	0.5	96.7	2.6	93.0	1.1	14.4	4.3	10.1	438.0	9.9	51.1	1,075.5
May	469.2	450.3	18.4	0.5	97.1	2.7	93.2	1.2	14.4	4.4	10.1	441.9	10.0	51.6	1,084.2
June	580.7	561.8	18.4	0.5	97.4	2.6	93.6	1.2	14.7	4.4	10.3	453.5	10.0	51.9	1,208.1
July ^(p)	501.4	482.6	18.4	0.5	98.2	2.5	94.5	1.2	14.6	4.4	10.3	449.7	10.1	52.2	1,126.3

2. Liabilities

											Total
	Currency in circulation	Deposits of euro area residents	MFIs	Central government	Other general government/ other euro area residents	Money market paper	Debt securities issued	Capital and reserves	External liabilities ²⁾	Remaining liabilities	11
	1	2	3	4	5	6	7	8	9	10	
1997	354.9	147.0	91.9	51.7	3.4	13.4	14.8	106.0	33.4	67.2	736.7
1998 Q3	341.5	211.8	140.2	66.4	5.2	11.9	12.0	109.6	23.2	67.6	777.6
Q4	359.1	152.0	94.2	54.4	3.5	8.5	5.3	97.1	18.6	57.4	698.0
1999 Q1	348.3	549.5	486.6	54.4	8.5	4.9	5.3	138.0	97.9	55.8	1,199.6
Q2	355.8	724.3	672.3	43.1	8.9	4.9	5.3	140.7	171.4	43.0	1,445.3
1999 July	363.6	682.7	620.6	55.5	6.6	4.9	5.3	139.9	124.3	49.2	1,369.8
Aug.	358.6	463.7	403.2	53.8	6.6	4.9	5.3	139.9	93.9	50.9	1,117.1
Sep.	359.4	390.5	332.9	50.1	7.6	3.3	5.3	146.3	88.8	50.1	1,043.7
Oct.	361.2	500.6	440.8	50.2	9.5	3.3	5.3	150.6	93.8	49.4	1,164.3
Nov.	362.9	443.0	368.3	64.1	10.6	3.3	4.6	150.3	69.5	52.4	1,086.1
Dec.	393.0	339.3	277.1	53.4	8.8	3.3	4.6	175.1	49.8	46.9	1,011.9
2000 Jan.	365.9	387.5	332.0	47.1	8.4	3.3	4.6	174.6	72.6	45.9	1,054.4
Feb.	363.5	311.8	246.7	56.7	8.4	3.3	4.6	173.9	64.4	47.5	969.0
Mar.	365.9	372.0	319.6	43.3	9.1	1.7	4.6	185.7	75.1	46.5	1,051.3
Apr.	372.3	388.3	334.5	43.4	10.3	1.7	4.6	188.4	75.2	45.0	1,075.5
May	371.4	390.7	345.1	34.1	11.5	1.7	4.6	187.6	82.4	45.8	1,084.2
June	374.0	498.4	432.8	53.1	12.5	1.7	4.6	192.5	92.0	45.0	1,208.1
July ^(p)	377.3	415.0	354.7	49.8	10.5	1.7	4.6	195.8	84.6	47.4	1,126.3

Source: ECB.

1) The ECB was established on 1 June 1998. The data shown for the Eurosystem relate to the ECB (as from June 1998) and the national central banks of Member States in the euro area.

2) From January 1999 including temporary gross positions of the Eurosystem with the national central banks of Member States not participating in the euro area related to the operation of the TARGET system. These positions amounted to approximately EUR 46 billion at end-January 2000, EUR 40 billion at end-February, EUR 51 billion at end-March, EUR 47 billion at end-April, EUR 53 billion at end-May, EUR 65 billion at end-June, EUR 59 billion at end-July and EUR 41 billion at end-August. For positions at end-months in 1999 see the corresponding footnote in the February 2000 issue.

Table 2.3

Consolidated balance sheet of the euro area MFIs, including the Eurosystem ¹⁾

(EUR billions (not seasonally adjusted; end of period))

1. Assets: levels outstanding

	Total										
	Loans to euro area residents	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government	Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets ³⁾	Fixed assets	Remaining assets	
	1	2	3	4	5	6	7	8	9	10	11
1998 Dec.	5,937.5	841.6	5,095.9	1,377.8	1,188.5	189.2	304.5	1,902.2	251.8	790.6	10,564.4
1999 Jan.	5,948.8	839.5	5,109.3	1,402.0	1,192.8	209.2	319.4	2,049.4	254.1	962.9	10,936.7
Feb.	5,951.0	839.7	5,111.3	1,409.9	1,207.8	202.1	326.7	1,958.9	252.7	978.6	10,877.8
Mar.	5,995.4	837.2	5,158.2	1,419.0	1,223.7	195.3	347.3	2,055.0	253.9	897.1	10,967.6
Apr.	6,009.5	830.0	5,179.5	1,421.9	1,219.3	202.5	359.9	2,058.6	255.9	863.7	10,969.5
May	6,042.1	830.2	5,211.9	1,444.9	1,236.1	208.8	372.9	2,009.4	257.1	849.7	10,976.1
June	6,142.3	836.9	5,305.5	1,429.1	1,215.8	213.3	364.1	2,144.8	259.7	880.6	11,220.5
July	6,169.0	828.8	5,340.2	1,420.7	1,204.0	216.7	361.6	2,082.1	264.4	862.9	11,160.6
Aug.	6,160.1	824.8	5,335.3	1,433.2	1,208.3	224.9	360.4	2,056.0	265.2	844.2	11,119.1
Sep.	6,204.8	829.8	5,374.9	1,442.8	1,224.3	218.5	356.4	2,081.3	268.7	828.1	11,182.1
Oct.	6,260.4	839.1	5,421.3	1,452.9	1,236.5	216.3	357.7	2,118.9	271.0	872.3	11,333.1
Nov.	6,338.0	852.1	5,486.0	1,458.6	1,234.4	224.2	372.2	2,175.0	275.3	921.2	11,540.3
Dec.	6,364.3	847.2	5,517.1	1,435.4	1,207.7	227.7	393.3	2,103.0	291.1	929.5	11,516.6
2000 Jan.	6,402.4	839.3	5,563.1	1,447.3	1,218.7	228.6	396.9	2,148.2	292.4	954.1	11,641.3
Feb.	6,431.8	834.7	5,597.1	1,462.2	1,227.5	234.7	411.4	2,186.1	291.9	971.0	11,754.3
Mar.	6,506.2	838.7	5,667.5	1,446.3	1,217.5	228.8	449.3	2,243.6	297.3	992.5	11,935.2
Apr.	6,567.8	840.8	5,727.0	1,432.3	1,195.4	236.9	462.6	2,343.4	298.8	1,032.7	12,137.5
May	6,589.9	834.4	5,755.5	1,428.3	1,184.3	244.0	476.7	2,331.5	298.7	1,033.2	12,158.4
June	6,649.0	830.9	5,818.1	1,410.8	1,166.0	244.8	442.4	2,320.4	281.6	1,045.4	12,149.7
July ^(p)	6,676.2	828.6	5,847.6	1,395.1	1,142.0	253.1	447.5	2,347.8	285.9	1,093.0	12,245.5

2. Liabilities: levels outstanding

	Total													
	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities ³⁾	Re-maining liabilities	Excess of inter-MFI liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1998 Dec.	323.4	149.7	4,875.8	1,386.2	1,924.1	1,388.8	176.7	303.5	1,398.9	714.3	1,518.9	1,260.1	19.7	10,564.4
1999 Jan.	313.2	132.3	4,883.8	1,415.8	1,984.1	1,312.5	171.4	340.0	1,417.3	755.5	1,682.6	1,433.7	-21.8	10,936.7
Feb.	312.8	141.2	4,866.6	1,388.8	1,980.8	1,313.4	183.7	355.4	1,433.6	753.5	1,643.0	1,378.8	-7.2	10,877.8
Mar.	317.4	133.4	4,869.3	1,395.6	1,984.9	1,310.6	178.3	366.1	1,436.6	767.2	1,715.9	1,350.0	11.7	10,967.6
Apr.	319.5	115.8	4,883.7	1,411.1	1,986.9	1,314.0	171.7	387.6	1,453.4	778.0	1,731.0	1,300.1	0.4	10,969.5
May	321.2	120.7	4,904.6	1,442.8	1,974.7	1,314.7	172.4	389.1	1,463.8	782.6	1,720.7	1,257.8	15.5	10,976.1
June	323.7	125.0	4,935.3	1,488.5	1,961.2	1,319.1	166.4	391.5	1,472.4	793.3	1,837.9	1,328.7	12.6	11,220.5
July	331.7	134.9	4,938.7	1,474.7	1,979.1	1,321.3	163.7	383.3	1,476.8	797.9	1,770.4	1,313.2	13.7	11,160.6
Aug.	326.2	137.8	4,916.7	1,445.7	1,988.1	1,320.2	162.6	396.6	1,484.8	796.6	1,776.9	1,282.4	1.0	11,119.1
Sep.	327.1	133.2	4,928.8	1,474.4	1,976.7	1,317.1	160.6	403.5	1,505.2	807.1	1,777.3	1,283.7	16.2	11,182.1
Oct.	329.4	135.0	4,945.1	1,476.9	1,996.7	1,314.0	157.5	410.5	1,518.5	816.3	1,847.6	1,309.1	21.7	11,333.1
Nov.	329.9	146.0	4,984.1	1,511.7	2,005.0	1,308.7	158.6	428.9	1,529.6	821.4	1,909.0	1,373.1	18.3	11,540.3
Dec.	349.6	142.0	5,049.8	1,541.1	2,037.4	1,327.1	144.2	425.2	1,540.1	869.2	1,824.5	1,301.9	14.3	11,516.6
2000 Jan.	332.7	133.6	5,075.1	1,570.1	2,023.0	1,327.1	154.9	430.1	1,539.0	885.2	1,909.6	1,342.4	-6.5	11,641.3
Feb.	330.9	144.4	5,079.6	1,563.0	2,040.3	1,316.9	159.4	449.1	1,554.0	889.1	1,939.1	1,360.5	7.6	11,754.3
Mar.	334.3	130.2	5,102.9	1,571.8	2,047.0	1,307.0	177.1	461.7	1,557.0	905.1	2,066.3	1,393.1	-15.5	11,935.2
Apr.	337.4	131.6	5,141.6	1,607.4	2,055.3	1,299.4	179.5	510.4	1,576.6	914.9	2,143.6	1,414.8	-33.3	12,137.5
May	337.2	113.9	5,138.8	1,592.1	2,074.6	1,291.3	180.8	517.1	1,578.3	916.1	2,148.8	1,427.5	-19.3	12,158.4
June	341.0	146.6	5,128.1	1,600.5	2,072.4	1,286.5	168.6	520.4	1,585.0	925.7	2,047.7	1,447.7	7.5	12,149.7
July ^(p)	342.8	137.7	5,134.8	1,598.0	2,084.5	1,278.8	173.6	533.6	1,584.2	944.1	2,081.0	1,484.0	3.2	12,245.5

Source: ECB.

- 1) The ECB was established on 1 June 1998. The data shown for the Eurosystem relate to the ECB (as from June 1998) and the national central banks of Member States in the euro area.
- 2) Calculated from monthly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.
- 3) See Table 2.1, footnote 2.

3. Assets: flows ²⁾

											Total
	Loans to euro area residents	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government	Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets ³⁾	Fixed assets	Remaining assets	Total
1999 Jan.	74.6	-1.2	75.8	24.5	20.2	4.3	8.5	122.6	0.0	159.2	389.5
Feb.	-0.3	0.0	-0.3	16.5	24.6	-8.1	6.9	-116.1	-1.4	15.7	-78.6
Mar.	39.1	-3.2	42.3	35.9	34.0	1.9	18.9	53.1	1.2	-91.8	56.5
Apr.	12.7	-8.7	21.4	2.8	-4.4	7.2	11.9	-8.9	2.0	-33.4	-12.8
May	31.6	0.1	31.5	21.1	14.7	6.4	11.8	-60.3	1.1	-14.0	-8.7
June	101.3	6.6	94.8	-13.2	-17.7	4.5	-9.0	126.6	2.4	30.5	238.7
July	29.5	-8.0	37.5	-13.7	-16.7	3.1	-3.3	-35.4	4.7	-17.7	-35.8
Aug.	-9.9	-4.1	-5.8	17.8	9.8	7.9	-0.1	-44.0	0.8	-18.8	-54.1
Sep.	46.2	5.1	41.1	16.7	24.0	-7.3	-5.4	20.1	3.5	-9.2	72.0
Oct.	52.4	9.1	43.3	19.8	22.5	-2.7	1.2	20.9	2.0	44.2	140.6
Nov.	74.0	12.7	61.2	11.6	4.1	7.5	9.0	20.9	4.3	48.8	168.6
Dec.	29.9	-5.2	35.1	-28.7	-31.8	3.2	15.8	-77.4	16.0	4.8	-39.5
2000 Jan.	33.6	-8.0	41.6	15.1	13.9	1.2	3.4	23.0	1.4	24.6	101.1
Feb.	30.1	-4.6	34.7	15.3	9.1	6.2	12.9	32.8	-0.5	16.8	107.3
Mar.	71.5	5.0	66.6	-13.7	-6.9	-6.8	36.3	33.4	5.4	22.5	155.5
Apr.	54.4	1.7	52.7	-16.4	-21.4	5.0	12.6	13.4	1.5	33.3	98.9
May	20.9	-6.2	27.2	-0.4	-7.8	7.4	13.0	11.2	-0.1	0.5	45.2
June	52.3	-3.7	56.0	-14.0	-15.7	1.7	-34.0	6.3	-17.1	11.8	5.3
July ^(p)	23.0	-1.8	24.8	-17.8	-24.9	7.0	3.2	-2.2	4.3	47.2	57.7

4. Liabilities: flows ²⁾

														Total
	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities ³⁾	Re-remaining liabilities	Excess of inter-MFI liabilities	Total
1999 Jan.	-9.2	-5.4	41.8	30.3	-1.5	14.2	-1.2	13.6	20.4	11.3	156.5	186.3	-25.8	389.5
Feb.	-0.4	8.9	-27.3	-28.1	-12.2	0.7	12.3	15.1	12.8	-0.7	-61.3	-47.1	21.4	-78.6
Mar.	4.7	-7.7	-0.5	5.4	2.4	-2.8	-5.4	6.4	5.0	14.1	55.4	-33.5	12.7	56.5
Apr.	2.1	-17.6	13.2	15.1	1.3	3.4	-6.6	20.9	15.6	11.5	6.7	-54.3	-11.0	-12.8
May	1.7	4.9	19.6	31.2	-13.0	0.6	0.8	1.3	9.1	5.2	-19.3	-46.3	15.1	-8.7
June	2.4	4.2	29.3	45.2	-14.4	4.5	-6.0	1.3	7.4	14.4	109.0	74.3	-3.8	238.7
July	8.0	10.0	6.6	-12.6	19.7	2.2	-2.7	-7.8	7.2	5.0	-45.6	-19.8	0.5	-35.8
Aug.	-5.5	2.9	-24.1	-29.8	7.8	-1.1	-1.1	13.1	4.7	0.8	-5.0	-28.9	-12.1	-54.1
Sep.	0.9	-4.7	13.0	29.2	-11.1	-3.1	-2.0	6.5	21.8	5.5	4.2	9.6	15.2	72.0
Oct.	2.2	1.8	13.8	1.6	18.5	-3.2	-3.2	6.6	10.8	7.5	54.6	39.1	4.1	140.6
Nov.	0.5	11.0	34.5	33.1	5.7	-5.3	1.1	17.8	6.3	4.1	32.3	65.5	-3.3	168.6
Dec.	19.5	-4.0	65.7	29.4	32.3	18.5	-14.4	-14.7	10.7	31.4	-87.8	-60.3	0.0	-39.5
2000 Jan.	-16.9	-8.4	22.9	28.1	-15.7	-0.2	10.7	0.8	-3.0	18.7	67.8	42.8	-23.5	101.1
Feb.	-1.8	10.8	4.1	-7.2	17.0	-10.2	4.5	19.0	14.8	5.3	25.1	16.1	14.1	107.3
Mar.	3.4	-14.3	20.2	7.5	5.0	-9.9	17.6	12.0	1.4	17.0	106.4	32.5	-23.1	155.5
Apr.	3.3	1.4	33.0	33.4	4.9	-7.7	2.3	2.3	14.5	9.5	35.1	14.9	-15.1	98.9
May	-0.2	-17.7	0.1	-11.9	19.9	-9.2	1.4	9.8	5.7	3.2	26.2	11.9	6.2	45.2
June	3.7	32.7	-7.8	9.5	-0.4	-4.7	-12.2	-1.0	12.7	6.2	-79.5	22.8	15.5	5.3
July ^(p)	1.9	-8.9	3.1	-3.9	9.1	-7.1	5.0	12.7	-6.6	15.0	6.6	38.2	-4.3	57.7

Table 2.4

Monetary aggregates ¹⁾

(EUR billions (not seasonally adjusted) and annual percentage changes, unless otherwise indicated)

1. Levels outstanding at the end of the period

	M1								M2		Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities up to 2 years
	Currency in circulation ¹	Overnight deposits ²	M1		Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Index Dec. 98=100 ³⁾	Total	Index Dec. 98=100 ³⁾			
			Total	Index Dec. 98=100 ³⁾									
	1	2	3	4	5	6	7	8	9	10	11		
1998 Dec.	323.4	1,453.5	1,776.9	100.00	894.5	1,234.4	3,905.8	100.00	176.7	303.5	69.7		
1999 Jan.	313.2	1,483.6	1,796.8	101.21	888.6	1,249.8	3,935.2	100.88	171.4	340.0	54.5		
Feb.	312.8	1,453.0	1,765.8	99.40	873.7	1,252.3	3,891.7	99.70	183.7	355.4	55.5		
Mar.	317.4	1,469.1	1,786.5	100.49	872.7	1,250.1	3,909.4	100.07	178.3	366.1	48.9		
Apr.	319.5	1,481.4	1,800.9	101.28	873.0	1,255.1	3,929.0	100.55	171.7	387.6	52.8		
May	321.2	1,510.6	1,831.9	102.99	863.3	1,259.9	3,955.1	101.19	172.4	389.1	57.6		
June	323.7	1,551.2	1,874.8	105.38	840.3	1,265.7	3,980.8	101.82	166.4	391.5	59.2		
July	331.7	1,543.6	1,875.3	105.47	853.2	1,270.4	3,998.8	102.34	163.7	383.3	61.7		
Aug.	326.2	1,513.6	1,839.8	103.43	856.1	1,270.3	3,966.2	101.47	162.6	396.6	63.0		
Sep.	327.1	1,537.5	1,864.6	104.85	842.5	1,267.3	3,974.5	101.70	160.6	403.5	75.5		
Oct.	329.4	1,542.0	1,871.4	105.18	857.4	1,265.5	3,994.3	102.11	157.5	410.5	74.0		
Nov.	329.9	1,575.9	1,905.8	107.02	856.8	1,260.4	4,023.0	102.75	158.6	428.9	75.6		
Dec.	349.6	1,609.4	1,959.0	109.99	877.5	1,282.9	4,119.5	105.21	144.2	425.2	88.4		
2000 Jan.	332.7	1,637.7	1,970.4	110.58	860.7	1,283.8	4,114.9	105.04	154.9	430.1	86.6		
Feb.	330.9	1,629.2	1,960.0	109.99	875.6	1,272.5	4,108.2	104.91	159.4	449.1	90.1		
Mar.	334.3	1,637.5	1,971.8	110.58	883.9	1,262.1	4,117.8	105.09	177.1	461.7	89.9		
Apr.	337.4	1,673.4	2,010.8	112.65	891.9	1,254.6	4,157.3	105.98	179.5	510.4	89.0		
May	337.2	1,655.2	1,992.4	111.81	909.6	1,246.1	4,148.1	105.84	180.8	517.1	86.7		
June	341.0	1,663.8	2,004.7	112.56	907.4	1,239.4	4,151.5	105.99	168.6	520.4	86.7		
July ^(p)	342.8	1,664.8	2,007.6	112.65	920.8	1,230.7	4,159.1	106.11	173.6	533.6	77.1		

2. Flows ⁴⁾

	M1								M2		Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities up to 2 years
	Currency in circulation	Overnight deposits	M1		Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Annual percentage change ⁴⁾	Total	Annual percentage change ⁴⁾			
			Total	Annual percentage change ⁴⁾									
	1	2	3	4	5	6	7	8	9	10	11		
1999 Jan.	-9.2	30.8	21.6	14.7	-2.6	15.3	34.3	7.8	-1.2	13.6	-5.4		
Feb.	-0.4	-31.8	-32.2	12.6	-16.4	2.4	-46.1	6.5	12.3	15.1	0.5		
Mar.	4.7	14.7	19.4	11.7	-2.2	-2.4	14.8	6.8	-5.4	6.4	0.0		
Apr.	2.1	11.9	14.0	11.5	-0.3	5.0	18.6	6.3	-6.6	20.9	1.1		
May	1.7	28.8	30.5	12.1	-10.2	4.7	25.0	6.4	0.8	1.3	4.6		
June	2.4	40.0	42.5	11.5	-23.7	5.8	24.6	6.3	-6.0	1.3	1.4		
July	8.0	-6.5	1.5	14.1	14.2	4.8	20.5	7.7	-2.7	-7.8	2.9		
Aug.	-5.5	-30.8	-36.3	12.8	2.1	-0.1	-34.3	7.0	-1.1	13.1	1.0		
Sep.	0.9	24.5	25.4	12.8	-13.4	-3.0	9.0	6.9	-2.0	6.5	0.8		
Oct.	2.2	3.6	5.8	13.0	12.2	-1.9	16.1	7.0	-3.2	6.6	-1.9		
Nov.	0.5	32.2	32.7	11.8	-2.5	-5.2	25.1	6.4	1.1	17.8	0.7		
Dec.	19.5	33.4	52.9	10.0	20.8	22.6	96.3	5.2	-14.4	-14.7	13.1		
2000 Jan.	-16.9	27.4	10.4	9.3	-17.7	0.8	-6.5	4.1	10.7	0.8	-2.1		
Feb.	-1.8	-8.7	-10.5	10.7	16.4	-11.3	-5.4	5.2	4.5	19.0	3.5		
Mar.	3.4	7.0	10.5	10.0	7.0	-10.5	7.0	5.0	17.6	12.0	-1.0		
Apr.	3.3	33.7	37.0	11.2	5.7	-7.6	35.1	5.4	2.3	2.3	-0.1		
May	-0.2	-14.9	-15.1	8.6	18.9	-9.6	-5.7	4.6	1.4	9.8	-1.7		
June	3.7	9.7	13.4	6.8	-0.6	-6.7	6.2	4.1	-12.2	-1.0	2.4		
July ^(p)	1.9	-0.3	1.6	6.8	11.6	-8.4	4.8	3.7	5.0	12.7	-10.2		

Source: ECB.

1) Monetary aggregates comprise monetary liabilities of MFIs and central government (Post Office, Treasury) vis-à-vis non-MFI euro area residents excluding central government.

2) Taking the December 1998 outstanding level (not seasonally adjusted) as 100, the index shows the cumulative product of changes from that date calculated from flows as described in footnote 4. The percentage change in the index between any two dates corresponds to the change in the aggregate excluding such reclassifications, etc.

M3			Main counterparts of M3									Net external assets	
Total	Index, Dec. 98=100 ²⁾		Longer-term MFI liabilities				Credit ³⁾						
			Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Index Dec. 98 =100 ²⁾			
											15			16	17	18	19	20	21	22
12	13	14	15	16	17	18	19	20	21	22	23		
4,455.6	100.00		1,030.2	214.8	1,329.2	714.3	2,030.1	5,589.6	5,095.9	100.00	383.3	1998 Dec.	
4,501.1	100.93		1,096.3	223.1	1,362.8	755.5	2,032.3	5,637.9	5,109.3	101.49	366.8	1999 Jan.	
4,486.4	100.51		1,107.8	221.8	1,378.1	753.5	2,047.5	5,640.1	5,111.3	101.48	315.9	Feb.	
4,502.6	100.87		1,112.9	220.9	1,387.7	767.2	2,060.9	5,700.8	5,158.2	102.32	339.1	Mar.	
4,541.1	101.63		1,114.9	218.7	1,400.6	778.0	2,049.4	5,741.9	5,179.5	102.75	327.6	Apr.	
4,574.2	102.34		1,112.3	215.1	1,406.2	782.6	2,066.3	5,793.6	5,211.9	103.37	288.8	May	
4,598.0	102.81		1,121.9	214.2	1,413.2	793.3	2,052.7	5,882.8	5,305.5	105.25	306.8	June	
4,607.4	103.10		1,126.6	211.9	1,415.1	797.9	2,032.7	5,918.5	5,340.2	105.99	311.7	July	
4,588.5	102.63		1,132.6	211.0	1,421.7	796.6	2,033.1	5,920.6	5,335.3	105.88	279.0	Aug.	
4,614.1	102.95		1,134.9	211.2	1,429.7	807.1	2,054.2	5,949.8	5,374.9	106.70	304.0	Sep.	
4,636.2	103.34		1,139.7	210.6	1,444.5	816.3	2,075.6	5,995.3	5,421.3	107.55	271.3	Oct.	
4,686.1	104.34		1,148.7	210.6	1,454.0	821.4	2,086.4	6,082.4	5,486.0	108.77	266.0	Nov.	
4,777.2	106.12		1,160.3	212.8	1,451.8	869.2	2,054.9	6,138.1	5,517.1	109.46	278.5	Dec.	
4,786.5	106.19		1,162.6	211.8	1,452.5	885.2	2,058.0	6,188.5	5,563.1	110.29	238.6	2000 Jan.	
4,806.9	106.67		1,165.1	212.8	1,463.9	889.1	2,062.2	6,243.2	5,597.1	110.98	247.0	Feb.	
4,846.5	107.46		1,163.6	213.6	1,467.1	905.1	2,056.3	6,345.5	5,667.5	112.30	177.3	Mar.	
4,936.1	108.34		1,163.8	213.2	1,487.6	914.9	2,036.2	6,426.5	5,727.0	113.34	199.8	Apr.	
4,932.6	108.42		1,165.4	214.4	1,491.7	916.1	2,018.7	6,476.2	5,755.5	113.88	182.7	May	
4,927.2	108.32		1,165.4	215.9	1,498.3	925.7	1,996.9	6,505.4	5,818.1	114.99	272.7	June	
4,943.4	108.59		1,164.1	217.0	1,507.1	944.1	1,970.6	6,548.3	5,847.6	115.48	266.8	July ⁴⁾	

M3			Main counterparts of M3									Net external assets	
Total	Annual percentage change ⁴⁾	3-month moving average (centred)	Longer-term MFI liabilities				Credit ³⁾						
			Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Annual percentage change ⁴⁾			
											15			16	17	18	19	20	21	22
12	13	14	15	16	17	18	19	20	21	22	23		
41.2	5.9	5.3	1.3	-1.1	25.9	11.3	19.0	88.6	75.8	10.4	-33.8	1999 Jan.	
-18.3	5.2	5.5	4.1	-1.3	12.4	-0.7	24.7	-1.5	-0.3	9.8	-54.8	Feb.	
15.8	5.4	5.3	4.6	-0.8	4.9	14.1	30.8	63.1	42.3	10.0	-2.3	Mar.	
34.0	5.3	5.4	1.8	-2.2	14.5	11.5	-13.1	40.5	21.4	9.6	-15.6	Apr.	
31.6	5.4	5.4	-2.8	-3.6	4.5	5.2	14.8	49.7	31.5	9.9	-41.0	May	
21.4	5.5	5.6	9.3	-1.0	6.0	14.4	-11.1	90.3	94.8	10.4	17.6	June	
12.9	5.9	5.7	5.2	-2.3	4.3	5.0	-24.7	37.3	37.5	10.2	10.2	July	
-21.3	5.7	5.8	5.7	-0.9	3.7	0.8	5.7	2.0	-5.8	10.0	-39.0	Aug.	
14.3	5.9	5.8	2.3	0.2	21.0	5.5	29.1	28.5	41.1	9.9	15.9	Sep.	
17.6	5.7	5.9	6.1	-0.6	12.7	7.5	31.6	41.8	43.3	10.0	-33.7	Oct.	
44.7	6.1	5.9	8.1	0.1	5.6	4.1	16.8	77.8	61.2	10.2	-11.5	Nov.	
80.2	6.1	5.8	11.5	2.1	-2.4	31.4	-37.0	54.1	35.1	9.5	10.5	Dec.	
2.9	5.2	5.8	1.9	-0.9	-0.9	18.7	5.9	46.2	41.6	8.7	-44.8	2000 Jan.	
21.6	6.1	6.0	0.7	1.0	11.2	5.3	4.4	53.8	34.7	9.4	7.8	Feb.	
35.7	6.5	6.4	-2.1	0.8	2.4	17.0	-1.9	96.1	66.6	9.8	-73.1	Mar.	
39.5	6.6	6.4	-0.8	-0.4	14.6	9.5	-19.6	70.2	52.7	10.3	-21.7	Apr.	
3.7	5.9	6.0	1.0	1.2	7.4	3.2	-14.1	47.7	27.2	10.2	-15.0	May	
-4.6	5.4	5.5	0.2	1.5	10.3	6.2	-19.4	23.8	56.0	9.3	85.8	June	
12.3	5.3	-	-2.5	1.4	3.6	15.0	-26.7	35.0	24.8	8.9	-8.9	July ⁴⁾	

3) Credit comprises loans granted to non-MFIs resident in the euro area and holdings of securities issued by non-MFIs resident in the euro area.

4) Calculated from monthly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions. For the calculation of growth rates, see the technical notes.

Table 2.4 (cont'd)
Monetary aggregates ¹⁾
(EUR billions and percentage changes, unless otherwise indicated)
3. Seasonally adjusted levels

	M3										Loans to other euro area residents (excluding government)	
	M2				Marketable instruments ⁴⁾				Total	Index ²⁾	Total	Index ²⁾
	M1		Other short-term deposits ³⁾		Total	Index ²⁾	Total	Index ²⁾				
	Total	Index ²⁾	Total	Index ²⁾					5	6	7	8
1998 Dec.	1,719.6	96.78	2,110.2	99.12	3,829.9	98.06	574.6	104.51	4,404.5	98.85	5,062.3	99.34
1999 Jan.	1,784.0	100.49	2,111.2	99.32	3,895.2	99.85	579.8	103.74	4,475.0	100.34	5,100.6	101.31
Feb.	1,780.6	100.23	2,105.0	98.96	3,885.6	99.54	592.1	105.80	4,477.7	100.32	5,119.7	101.65
Mar.	1,800.5	101.28	2,114.6	99.34	3,915.2	100.22	587.6	105.40	4,502.8	100.87	5,160.0	102.36
Apr.	1,812.0	101.90	2,118.7	99.50	3,930.8	100.59	601.9	107.37	4,532.7	101.44	5,187.3	102.90
May	1,831.6	102.97	2,122.8	99.67	3,954.4	101.17	605.7	107.97	4,560.1	102.02	5,227.3	103.68
June	1,844.9	103.70	2,117.5	99.39	3,962.4	101.35	613.8	109.19	4,576.3	102.33	5,284.7	104.84
July	1,864.5	104.86	2,129.6	100.02	3,994.2	102.22	608.4	108.38	4,602.5	102.99	5,318.9	105.57
Aug.	1,872.1	105.24	2,132.4	100.11	4,004.5	102.45	615.5	109.55	4,620.0	103.33	5,355.0	106.27
Sep.	1,882.7	105.87	2,131.5	100.08	4,014.2	102.71	637.7	111.36	4,651.9	103.79	5,389.1	106.98
Oct.	1,891.6	106.31	2,139.4	100.32	4,031.0	103.05	646.5	112.74	4,677.5	104.26	5,434.7	107.82
Nov.	1,904.9	106.97	2,141.3	100.32	4,046.2	103.34	662.2	115.22	4,708.4	104.83	5,489.6	108.84
Dec.	1,906.8	107.06	2,139.0	100.21	4,045.8	103.33	685.0	117.25	4,730.8	105.09	5,480.7	108.74
2000 Jan.	1,950.0	109.43	2,122.2	99.38	4,072.2	103.95	690.5	117.40	4,762.7	105.66	5,556.5	110.16
Feb.	1,977.3	110.96	2,130.4	99.84	4,107.7	104.90	696.3	118.37	4,804.0	106.61	5,607.5	111.18
Mar.	1,990.5	111.62	2,134.9	99.99	4,125.4	105.28	721.7	122.47	4,847.1	107.47	5,668.7	112.32
Apr.	2,006.5	112.41	2,139.1	100.06	4,145.6	105.68	765.5	122.29	4,911.1	107.79	5,735.8	113.52
May	2,003.4	112.42	2,152.1	100.68	4,155.5	106.02	767.5	123.18	4,922.9	108.21	5,773.3	114.23
June	1,977.0	111.00	2,156.3	100.95	4,133.2	105.53	771.0	123.45	4,904.2	107.81	5,794.4	114.52
July ⁶⁾	1,983.4	111.29	2,163.8	101.24	4,147.2	105.81	784.9	125.49	4,932.1	108.34	5,821.6	114.96

4. Seasonally adjusted flows ⁵⁾

	M3										Loans to other euro area residents (excluding government)	
	M2				Marketable instruments ⁴⁾				Total	Change on previous month (%)	Total	Change on previous month (%)
	M1		Other short-term deposits ³⁾		Total	Change on previous month (%)	Total	Change on previous month (%)				
	Total	Change on previous month (%)	Total	Change on previous month (%)					5	6	7	8
1998 Dec.	24.2	1.4	13.1	0.6	37.3	1.0	-34.7	-5.7	2.6	0.1	25.4	0.5
1999 Jan.	66.1	3.8	4.2	0.2	70.2	1.8	-4.3	-0.7	65.9	1.5	100.6	2.0
Feb.	-4.6	-0.3	-7.7	-0.4	-12.3	-0.3	11.5	2.0	-0.8	0.0	16.8	0.3
Mar.	18.6	1.0	8.1	0.4	26.7	0.7	-2.2	-0.4	24.5	0.5	35.7	0.7
Apr.	11.0	0.6	3.5	0.2	14.5	0.4	11.0	1.9	25.5	0.6	27.5	0.5
May	19.1	1.1	3.5	0.2	22.5	0.6	3.4	0.6	25.9	0.6	39.1	0.8
June	12.9	0.7	-5.9	-0.3	7.0	0.2	6.8	1.1	13.8	0.3	58.6	1.1
July	20.7	1.1	13.5	0.6	34.2	0.9	-4.5	-0.7	29.7	0.6	36.9	0.7
Aug.	6.8	0.4	1.9	0.1	8.6	0.2	6.5	1.1	15.2	0.3	35.2	0.7
Sep.	11.1	0.6	-0.7	0.0	10.4	0.3	10.2	1.7	20.6	0.4	35.6	0.7
Oct.	7.9	0.4	5.3	0.2	13.2	0.3	7.9	1.2	21.1	0.5	42.4	0.8
Nov.	11.6	0.6	-0.1	0.0	11.5	0.3	14.2	2.2	25.7	0.5	51.5	0.9
Dec.	1.7	0.1	-2.2	-0.1	-0.5	0.0	11.7	1.8	11.1	0.2	-5.0	-0.1
2000 Jan.	42.2	2.2	-17.8	-0.8	24.4	0.6	0.9	0.1	25.3	0.5	71.5	1.3
Feb.	27.2	1.4	9.7	0.5	36.9	0.9	5.7	0.8	42.6	0.9	51.6	0.9
Mar.	11.8	0.6	3.2	0.2	15.1	0.4	24.1	3.5	39.2	0.8	57.4	1.0
Apr.	14.1	0.7	1.7	0.1	15.7	0.4	-1.1	-0.1	14.7	0.3	60.3	1.1
May	0.2	0.0	13.1	0.6	13.4	0.3	5.6	0.7	19.0	0.4	36.1	0.6
June	-25.3	-1.3	5.8	0.3	-19.5	-0.5	1.6	0.2	-17.9	-0.4	14.5	0.3
July ⁶⁾	5.1	0.3	6.1	0.3	11.2	0.3	12.8	1.7	24.0	0.5	22.6	0.4

Source: ECB.

1) See page 16*, footnote 1.

2) See page 16*, footnote 2. For the calculation of growth rates, see the technical notes.

3) Other short-term deposits comprise deposits with an agreed maturity of up to two years and deposits redeemable at notice of up to three months.

4) Marketable instruments comprise repurchase agreements, money market fund shares/units and money market paper together with debt securities issued with an original maturity of up to two years.

5) See page 17*, footnote 4.

Table 2.5
Outstanding MFI loans by counterpart, type and original maturity ¹⁾
(EUR billions (not seasonally adjusted; end of period))
1. Loans to non-financial sectors other than government

	Non-financial corporations ²⁾³⁾				Households ²⁾³⁾	Consumer credit ⁴⁾			Lending for house purchase ⁴⁾			Other lending			Non-profit institutions serving households ²⁾		
	1	Up to 1 year	Over 1 and up to 5 years	Over 5 years		6	Up to 1 year	Over 1 and up to 5 years	Over 5 years	9	Up to 1 year	Over 1 and up to 5 years	Over 5 years	12		Over 1 and up to 5 years	Over 5 years ³⁾
1998 Q3	2,223.6	775.1	324.3	1,124.3	2,420.4	80.2	126.0	195.1	28.9	48.6	1,379.3	111.8	86.6	364.0	36.8		
Q4	2,286.8	813.3	316.2	1,157.3	2,479.6	84.6	128.4	199.8	28.2	42.0	1,419.6	114.3	82.0	380.7	36.9		
1999 Q1	2,258.6	818.7	338.4	1,101.4	2,527.8	87.0	149.0	187.3	15.4	66.9	1,464.0	135.0	98.0	325.1	35.8		
Q2	2,328.7	844.0	351.3	1,133.5	2,594.4	85.2	154.4	193.0	18.7	63.7	1,513.7	138.3	98.4	329.1	35.7		
Q3	2,344.9	831.5	362.3	1,151.1	2,653.3	86.7	157.2	195.3	19.5	64.3	1,561.7	135.7	96.1	336.8	36.2		
Q4	2,417.1	857.8	372.2	1,187.0	2,718.1	89.4	156.3	194.2	19.9	60.4	1,619.2	141.4	98.4	338.9	37.4		
2000 Q1	2,494.3	901.7	392.2	1,200.4	2,761.3	89.8	160.2	198.3	20.2	58.8	1,650.2	140.8	100.3	342.8	39.1		
Q2 ⁶⁾	2,555.4	923.0	405.9	1,226.4	2,824.5	91.7	164.8	201.2	21.1	61.0	1,694.6	144.7	101.7	343.8	38.1		

2. Loans to non-monetary financial corporations

	Non-monetary financial intermediaries except insurance corporations and pension funds ²⁾				Insurance corporations and pension funds ²⁾			
	16	Up to 1 year	Over 1 and up to 5 years	Over 5 years	20	Up to 1 year	Over 1 and up to 5 years	Over 5 years
1998 Q3	247.5	143.3	54.2	50.0	35.2	27.2	2.4	5.6
Q4	264.0	158.0	52.9	53.0	27.8	19.0	2.5	6.3
1999 Q1	300.0	183.4	54.8	61.8	35.9	27.0	3.0	5.9
Q2	306.2	192.2	51.7	62.3	40.2	28.7	2.7	8.8
Q3	298.7	181.1	53.3	64.3	41.7	32.9	2.8	6.0
Q4	314.8	190.5	54.6	69.7	29.2	20.6	2.7	5.9
2000 Q1	335.3	206.6	55.8	72.8	37.0	25.6	4.0	7.4
Q2 ⁶⁾	362.9	226.9	60.3	75.6	36.7	26.8	3.8	6.1

3. Loans to government

	General government ²⁾										
	24	Central government ⁵⁾	Other general government								Social security funds
			State government			Local government			34		
			26	Up to 1 year	Over 1 and up to 5 years	Over 5 years	30	Up to 1 year		Over 1 and up to 5 years	
27	28	29	31	32	33						
1998 Q3	831.5	216.5	273.7	7.8	14.2	251.7	326.1	18.3	11.2	296.7	15.3
Q4	841.7	201.6	291.2	11.4	13.5	266.3	334.9	18.9	10.9	305.2	14.0
1999 Q1	837.2	220.7	276.7	12.1	20.9	243.7	327.4	19.4	12.5	295.5	12.4
Q2	836.9	212.1	279.2	11.5	20.5	247.1	328.2	19.9	10.9	297.4	17.3
Q3	829.8	206.2	278.4	10.1	21.3	247.0	328.4	19.8	10.4	298.2	16.8
Q4	843.9	199.8	289.9	15.0	22.1	252.7	338.6	20.5	11.4	306.8	15.6
2000 Q1	835.2	193.9	288.5	13.2	24.0	251.3	336.8	21.2	10.6	305.1	15.9
Q2 ⁶⁾	826.9	186.6	287.0	9.9	25.1	252.1	336.6	21.9	10.5	304.2	16.8

Source: ECB.

- 1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.
- 2) Corresponding ESA 95 sector codes: non-financial corporations, S11; households, S14; non-profit institutions serving households, S15; non-monetary financial intermediaries except insurance corporations and pension funds (corresponding to other financial intermediaries in the ESA 95), S123 (including financial auxiliaries, S124); insurance corporations and pension funds, S125; general government, S13.
- 3) As a result of the implementation of a new reporting scheme in January 1999, data prior to the first quarter of 1999 are not directly comparable with those referring to later periods.
- 4) The definitions of consumer credit and lending for house purchase are not fully consistent across the euro area.
- 5) A maturity breakdown is not available for loans to central government.

Table 2.6
Outstanding deposits held with MFIs, by counterpart and instrument ¹⁾
(EUR billions (not seasonally adjusted; end of period))
1. Deposits held by non-financial sectors other than government

	Non-financial corporations ^{2) 3)}					Households ^{2) 3)}				
	1	Overnight	With agreed maturity	Redeemable at notice	Repos	6	Overnight	With agreed maturity	Redeemable at notice	Repos
		2	3	4	5		7	8	9	10
1998 Q3	705.6	392.2	250.5	25.4	37.5	3,225.1	745.6	1,111.0	1,311.6	56.8
Q4	743.2	435.6	252.4	25.6	29.5	3,313.1	794.1	1,116.4	1,355.0	47.7
1999 Q1	726.1	393.2	285.9	23.5	23.5	3,222.6	797.3	1,110.7	1,275.1	39.5
Q2	738.9	425.7	263.6	25.8	23.8	3,236.2	840.2	1,082.5	1,280.8	32.7
Q3	743.3	427.3	268.4	25.4	22.1	3,232.1	843.5	1,075.9	1,278.7	33.9
Q4	768.2	443.6	279.3	23.8	21.5	3,299.3	870.1	1,098.7	1,291.1	39.4
2000 Q1	783.7	438.2	290.1	24.3	31.1	3,289.1	884.8	1,092.1	1,269.8	42.4
Q2 ⁴⁾	810.9	453.9	302.5	24.1	30.5	3,280.0	885.2	1,098.3	1,249.9	46.6

2. Deposits held by non-monetary financial corporations

	Non-monetary financial intermediaries except insurance corporations and pension funds ^{2) 3)}					Insurance corporations and pension funds ²⁾				
	1	Overnight	With agreed maturity	Redeemable at notice	Repos	6	Overnight	With agreed maturity	Redeemable at notice	Repos
		2	3	4	5		7	8	9	10
1998 Q3	254.1	68.6	77.8	10.3	97.4	408.3	24.8	363.1	4.4	16.0
Q4	259.2	79.1	83.4	9.3	87.3	410.9	28.6	367.5	4.6	10.2
1999 Q1	375.5	127.4	141.9	4.7	101.5	424.9	32.0	379.1	3.0	10.8
Q2	401.5	134.4	165.0	4.7	97.4	429.6	36.2	379.5	3.3	10.7
Q3	390.1	122.0	172.4	5.2	90.4	435.2	31.8	388.6	3.3	11.5
Q4	397.8	142.6	181.2	4.7	69.3	446.3	32.0	399.2	3.3	11.9
2000 Q1	433.7	161.6	179.4	5.6	87.2	457.3	35.1	405.9	3.2	13.1
Q2 ⁴⁾	423.9	165.6	178.8	5.3	74.3	460.0	34.4	410.3	3.5	11.8

3. Deposits held by government

	General government ²⁾																
	1	Central government		Other general government													
		2	State government				Local government				Social security funds						
			3	Overnight	With agreed maturity	Redeemable at notice	Repos	8	Overnight	With agreed maturity	Redeemable at notice	Repos	13	Overnight	With agreed maturity	Redeemable at notice	Repos
		4	5	6	7		9	10	11	12		14	15	16	17		
1998 Q3	297.0	156.4	52.7	7.8	44.6	0.1	0.2	47.2	21.7	20.3	3.5	1.6	40.8	14.3	23.7	1.3	1.5
Q4	299.4	149.7	53.7	10.1	43.5	0.1	0.1	52.8	25.7	22.3	3.5	1.2	43.1	12.9	28.3	1.1	0.8
1999 Q1	253.8	133.4	25.6	7.4	17.9	0.1	0.2	52.9	24.1	23.9	3.2	1.7	41.9	14.3	25.6	1.0	1.0
Q2	254.5	125.0	27.3	8.1	18.9	0.2	0.1	54.4	26.1	24.1	3.4	0.7	47.9	18.2	27.6	1.1	1.0
Q3	262.0	133.2	27.8	8.7	18.7	0.1	0.2	54.4	24.5	25.4	3.3	1.1	46.6	17.1	27.2	0.9	1.5
Q4	280.7	142.0	31.6	10.2	21.1	0.1	0.2	59.0	27.1	27.2	3.4	1.2	48.1	16.0	30.6	0.7	0.7
2000 Q1	269.8	130.2	28.7	8.3	20.2	0.1	0.1	58.3	25.7	27.5	3.3	1.8	52.6	18.7	31.9	0.7	1.4
Q2 ⁴⁾	300.4	146.6	32.2	10.5	21.5	0.1	0.1	62.2	28.5	28.4	3.1	2.2	59.3	23.0	32.7	0.5	3.1

Source: ECB.

- 1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.
- 2) Corresponding ESA 95 sector codes: non-financial corporations, S11; households, S14; non-profit institutions serving households, S15; non-monetary financial intermediaries except insurance corporations and pension funds (corresponding to other financial intermediaries in the ESA 95), S123 (including financial auxiliaries, S124); insurance corporations and pension funds, S125; general government, S13.
- 3) As a result of the implementation of a new reporting scheme in January 1999, data prior to the first quarter of 1999 are not directly comparable with those referring to later periods.

Table 2.7
Main outstanding MFI claims on and liabilities to non-residents of the euro area ¹⁾
(EUR billions (not seasonally adjusted; end of period))
1. Eurosystem ²⁾

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents			
	1	Banks ³⁾⁴⁾		Non-banks		5	Banks ³⁾		Non-banks		9	Banks ³⁾		Non-banks	
		2	General government ³⁾	Other	6		General government ³⁾	Other	7	8		10	Other	11	12	13	General government ^{3)}	Other
1998 Q3	78.7	70.4	4.4	3.9	94.0	3.0	89.8	1.2	0.6	0.1	0.5	10.3	9.5	0.4	0.4
Q4	84.4	70.0	13.1	1.2	120.8	2.3	116.2	2.3	0.6	0.1	0.5	12.8	12.1	0.4	0.4
1999 Q1	108.4	97.1	8.4	2.9	185.4	3.9	178.7	2.9	0.4	0.1	0.3	91.9	89.6	0.4	1.8
Q2	191.4	174.7	13.1	3.7	175.2	4.5	166.9	3.8	0.4	0.1	0.3	165.2	162.8	0.2	2.2
Q3	108.1	99.0	6.8	2.3	176.2	4.0	168.1	4.1	0.4	0.1	0.3	82.6	80.6	0.4	1.5
Q4	59.6	45.6	10.5	3.5	193.9	5.7	184.4	3.8	0.6	0.1	0.5	43.2	39.8	0.3	3.2
2000 Q1	92.9	81.8	8.9	2.2	199.7	4.8	189.2	5.7	0.5	0.1	0.4	68.3	66.7	0.2	1.4
Q2 ⁴⁾	101.0	87.9	10.3	2.7	205.5	4.5	197.1	4.0	0.4	0.1	0.3	85.3	82.8	0.5	2.0

2. MFIs excluding the Eurosystem

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents			
	1	Banks ³⁾⁴⁾		Non-banks		5	Banks ³⁾		Non-banks		9	Banks ³⁾		Non-banks	
		2	General government ³⁾	Other	6		General government ³⁾	Other	7	8		10	Other	11	12	13	General government ^{3)}	Other
1998 Q3	1,323.6	949.8	68.7	305.1	271.1	66.6	84.1	120.4	57.6	23.0	34.7	1,485.9	1,159.3	34.0	292.7
Q4	1,253.0	890.4	70.1	292.5	272.4	64.5	89.4	118.5	55.2	21.9	33.3	1,501.9	1,139.6	39.2	323.0
1999 Q1	1,267.3	896.0	61.2	310.1	300.0	71.5	105.5	123.0	58.5	22.3	36.2	1,618.0	1,204.4	70.7	342.9
Q2	1,248.3	849.8	63.9	334.5	320.8	78.1	104.5	138.2	75.2	32.5	42.7	1,666.6	1,214.7	63.0	388.9
Q3	1,254.4	850.5	64.5	339.4	319.7	87.6	90.0	142.0	77.6	37.7	39.9	1,688.5	1,230.2	62.6	395.7
Q4	1,276.6	862.6	64.7	349.2	340.1	94.1	89.6	156.5	80.1	37.4	42.7	1,773.5	1,278.4	72.0	423.1
2000 Q1	1,329.1	889.0	66.5	373.6	371.9	108.5	100.5	162.9	98.1	45.9	52.2	1,989.9	1,441.0	71.2	477.7
Q2 ⁴⁾	1,340.1	908.1	67.1	364.9	417.8	133.7	112.4	171.6	103.2	48.6	54.7	1,953.8	1,400.8	74.3	478.6

3. MFIs including the Eurosystem

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents			
	1	Banks ³⁾⁴⁾		Non-banks		5	Banks ³⁾		Non-banks		9	Banks ³⁾		Non-banks	
		2	General government ³⁾	Other	6		General government ³⁾	Other	7	8		10	Other	11	12	13	General government ^{3)}	Other
1998 Q3	1,402.3	1,020.2	73.1	309.0	365.1	69.7	173.8	121.6	58.2	23.0	35.1	1,496.2	1,168.8	34.3	293.1
Q4	1,337.4	960.4	83.3	293.7	393.2	66.8	205.6	120.8	55.8	22.0	33.8	1,514.7	1,151.7	39.6	323.4
1999 Q1	1,375.7	993.1	69.6	313.0	485.4	75.4	284.2	125.8	58.9	22.4	36.5	1,709.9	1,294.0	71.2	344.7
Q2	1,439.7	1,024.5	77.0	338.2	496.0	82.5	271.4	142.0	75.6	32.5	43.0	1,831.8	1,377.5	63.2	391.1
Q3	1,362.5	949.5	71.3	341.7	495.9	91.6	258.1	146.1	78.0	37.8	40.2	1,771.1	1,310.8	63.0	397.2
Q4	1,336.2	908.3	75.2	352.8	534.0	99.8	274.0	160.3	80.7	37.5	43.2	1,816.8	1,318.2	72.3	426.3
2000 Q1	1,422.0	970.8	75.4	375.9	571.6	113.3	289.7	168.6	98.6	46.0	52.6	2,058.2	1,507.7	71.3	479.1
Q2 ⁴⁾	1,441.1	996.0	77.5	367.6	623.3	138.2	309.5	175.6	103.7	48.7	55.0	2,039.1	1,483.7	74.8	480.6

Source: ECB.
1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.
2) New reporting rules as from January 1999 caused significant breaks in the first quarter of 1999.
3) The term "banks" is used in this table to indicate institutions of a similar type to MFIs resident outside the euro area.
4) Deposits placed by MFIs with banks located outside the euro area are included.

Table 2.8
Currency analysis of certain liabilities and assets of the euro area MFIs ¹⁾
(EUR billions (not seasonally adjusted; end of period))
Liabilities outstanding
1. Deposits placed by euro area residents

	MFIs								Non-MFIs							
	All currencies 1	Euro ²⁾ 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro ²⁾ 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q3	3,310.6	2,932.0	41.1	337.4	234.1	27.1	44.2	32.0	4,889.2	4,736.7	19.7	132.7	95.2	12.7	13.7	11.2
Q4	3,405.4	3,024.3	41.3	339.8	237.7	27.3	50.3	24.5	5,025.5	4,878.3	19.9	127.2	91.2	13.2	13.2	9.7
1999 Q1	3,877.1	3,453.3	49.1	374.7	263.6	27.1	54.5	29.5	5,002.6	4,850.7	23.7	128.1	89.2	14.2	14.5	10.2
Q2	4,109.6	3,710.4	44.7	354.5	252.9	26.8	51.5	23.3	5,059.8	4,898.9	25.7	135.1	97.1	15.0	12.5	10.6
Q3	3,836.7	3,430.1	46.0	360.6	253.4	30.0	56.1	21.0	5,061.5	4,901.1	25.8	134.6	95.9	16.3	11.9	10.4
Q4	3,856.5	3,447.8	42.4	366.3	258.1	33.9	54.1	20.2	5,191.3	5,027.2	24.0	140.1	100.8	17.3	11.5	10.5
2000 Q1	3,924.0	3,488.6	56.3	379.0	261.9	35.0	60.2	21.9	5,232.5	5,058.8	30.1	143.7	103.9	17.2	11.9	10.7
Q2 ³⁾	4,044.2	3,606.9	52.4	385.0	267.8	37.2	60.3	19.6	5,274.1	5,094.9	28.7	150.6	110.6	16.9	13.0	10.1

2. Deposits placed by non-residents of the euro area

	Banks ³⁾								Non-banks							
	All currencies 1	Euro ²⁾ 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro ²⁾ 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q3	1,168.8	464.3	127.3	577.2	443.6	47.5	54.1	32.0	330.8	143.1	28.8	158.9	122.3	13.8	11.2	11.6
Q4	1,151.7	455.3	123.5	572.9	438.1	56.1	52.6	26.1	366.4	154.5	33.2	178.6	131.3	22.8	12.1	12.5
1999 Q1	1,294.0	556.5	128.4	609.2	470.4	52.9	53.1	32.7	415.1	178.1	36.8	200.3	149.2	24.2	12.9	13.9
Q2	1,377.5	614.8	134.0	628.7	500.8	39.2	52.3	36.5	454.1	193.5	40.8	219.8	168.8	24.5	11.7	14.8
Q3	1,310.8	553.8	130.1	626.9	495.6	43.9	53.5	33.9	458.8	199.8	43.4	215.7	162.0	27.5	11.4	14.8
Q4	1,318.2	539.0	120.9	658.3	526.0	48.8	50.7	32.7	498.5	214.0	46.7	237.8	183.4	27.3	13.0	14.2
2000 Q1	1,507.7	598.5	155.9	753.3	589.9	64.1	64.5	34.9	550.5	237.0	54.3	259.2	198.5	32.8	12.5	15.4
Q2 ³⁾	1,483.7	586.5	141.0	756.1	591.7	66.2	61.1	37.2	555.4	235.4	51.9	268.0	204.5	32.3	15.8	15.5

3. Debt securities and money market paper issued by euro area MFIs

	Debt securities								Money market paper							
	All currencies 1	Euro ²⁾ 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro ²⁾ 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q3	2,105.7	1,891.4	26.0	188.3	105.3	33.9	33.4	15.8	166.1	147.9	0.6	17.6	15.5	1.0	0.7	0.3
Q4	2,121.3	1,903.5	27.7	190.1	106.6	35.4	33.2	15.0	169.4	155.4	0.6	13.4	11.3	0.9	1.1	0.1
1999 Q1	2,199.3	1,967.4	26.7	205.3	119.5	35.4	35.2	15.1	185.4	169.8	0.8	14.9	12.6	0.8	1.3	0.2
Q2	2,274.3	2,026.7	32.2	215.4	125.8	35.4	37.1	17.0	188.1	170.3	1.4	16.5	13.8	1.1	1.5	0.2
Q3	2,334.5	2,079.9	33.8	220.9	127.7	38.5	37.2	17.4	207.4	187.8	1.2	18.4	13.3	2.7	2.2	0.2
Q4	2,369.0	2,108.8	35.2	225.0	128.0	42.4	36.9	17.6	245.4	220.5	1.5	23.4	17.2	3.6	2.3	0.4
2000 Q1	2,427.8	2,147.0	42.6	238.2	133.1	52.9	33.6	18.6	250.5	226.0	1.7	22.8	14.5	4.6	2.0	1.7
Q2 ³⁾	2,480.5	2,189.2	40.9	250.4	140.7	57.0	34.0	18.6	263.5	235.2	1.4	26.9	17.6	5.4	2.5	1.4

Source: ECB.

1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.

2) Including items expressed in the national denominations of the euro.

3) The term "banks" is used in this table to indicate institutions of a similar type to MFIs resident outside the euro area.

Assets outstanding

4. Loans to euro area residents

	MFIs								Non-MFIs							
	All currencies	Euro ²⁾	Other EU currencies	Other currencies					All currencies	Euro ²⁾	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1998 Q3	3,355.3	-	-	-	-	-	-	-	5,792.7	5,630.4	26.3	136.0	77.7	12.7	42.8	2.9
Q4	3,386.1	-	-	-	-	-	-	-	5,937.5	5,764.0	26.6	147.0	79.0	15.4	48.8	3.8
1999 Q1	3,865.3	-	-	-	-	-	-	-	5,995.4	5,798.8	20.2	176.4	99.9	18.3	53.7	4.5
Q2	4,097.0	-	-	-	-	-	-	-	6,142.3	5,931.4	21.3	189.6	109.0	19.5	57.9	3.2
Q3	3,820.5	-	-	-	-	-	-	-	6,204.7	5,984.9	23.3	196.6	106.9	23.9	61.6	4.2
Q4	3,842.3	-	-	-	-	-	-	-	6,364.3	6,132.0	22.3	210.0	114.7	28.3	62.4	4.6
2000 Q1	3,939.5	-	-	-	-	-	-	-	6,506.2	6,239.9	33.7	232.6	126.4	35.7	63.9	6.7
Q2 ⁶⁾	4,036.7	-	-	-	-	-	-	-	6,649.0	6,356.0	36.2	256.8	140.2	39.7	68.8	8.1

5. Holdings of securities other than shares issued by euro area residents

	Issued by MFIs								Issued by non-MFIs							
	All currencies	Euro ²⁾	Other EU currencies	Other currencies					All currencies	Euro ²⁾	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1998 Q3	706.8	679.7	7.2	20.0	12.9	2.9	1.4	2.9	1,416.1	1,380.3	10.2	25.6	14.0	7.0	2.3	2.3
Q4	722.4	680.9	17.8	23.6	15.8	3.6	1.8	2.5	1,377.8	1,340.9	10.6	26.3	14.7	8.2	2.3	1.1
1999 Q1	762.7	727.0	7.8	27.9	18.3	5.6	1.3	2.7	1,419.0	1,386.5	3.9	28.5	15.4	10.2	2.0	0.9
Q2	801.8	767.7	6.1	28.0	18.9	5.2	1.1	2.9	1,429.1	1,398.9	3.2	27.0	13.6	10.2	2.1	1.1
Q3	829.4	795.4	6.8	27.2	17.8	5.1	1.7	2.6	1,442.8	1,412.6	3.1	27.1	13.0	10.4	2.2	1.6
Q4	829.1	794.5	7.3	27.3	18.2	4.8	2.3	2.0	1,435.4	1,402.9	5.4	27.1	12.7	10.3	1.9	2.2
2000 Q1	870.9	833.8	11.8	25.3	15.9	5.4	2.4	1.6	1,446.3	1,413.9	4.5	27.9	13.1	10.2	1.5	3.1
Q2 ⁶⁾	895.4	856.3	12.9	26.2	17.1	4.9	2.7	1.5	1,410.8	1,376.5	5.9	28.3	14.3	9.5	1.8	2.8

6. Loans to non-residents of the euro area

	Banks ³⁾								Non-banks							
	All currencies	Euro ²⁾	Other EU currencies	Other currencies					All currencies	Euro ²⁾	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1998 Q3	1,020.2	435.2	83.5	501.5	364.1	67.5	26.7	43.2	380.2	174.7	24.8	180.7	157.6	5.3	11.9	5.9
Q4	960.4	371.8	74.5	514.1	374.7	74.7	26.6	38.1	373.6	147.5	26.9	199.3	172.7	8.3	13.7	4.5
1999 Q1	993.1	457.8	76.3	459.0	325.1	62.3	27.2	44.4	384.6	134.1	29.1	221.4	193.7	7.7	14.4	5.6
Q2	1,024.5	477.0	77.1	470.4	349.8	52.9	26.2	41.6	417.3	139.3	34.8	243.1	212.6	8.0	16.3	6.3
Q3	949.5	428.1	78.4	442.9	320.3	54.1	28.3	40.2	413.6	143.4	36.9	233.3	198.8	10.8	18.0	5.8
Q4	908.3	388.8	74.9	444.5	323.3	53.9	30.0	37.4	431.4	138.3	39.6	253.5	217.0	11.1	18.8	6.7
2000 Q1	970.8	426.3	90.4	454.0	322.2	58.0	33.2	40.6	455.1	145.6	40.0	269.6	229.6	13.7	20.0	6.3
Q2 ⁶⁾	996.0	450.5	92.8	452.7	318.0	58.7	32.3	43.7	449.0	138.5	39.3	271.2	229.7	13.8	20.8	6.8

7. Holdings of securities other than shares issued by non-residents of the euro area

	Issued by banks ³⁾								Issued by non-banks							
	All currencies	Euro ²⁾	Other EU currencies	Other currencies					All currencies	Euro ²⁾	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1998 Q3	69.7	20.3	-4.3	53.7	39.7	5.2	1.0	7.8	290.2	41.5	31.5	217.2	161.1	30.1	4.4	21.6
Q4	66.8	19.6	5.6	41.5	28.1	4.9	0.8	7.6	321.2	48.1	31.0	242.1	182.2	35.7	4.2	19.8
1999 Q1	75.4	19.5	5.6	50.3	35.0	5.3	0.9	9.1	409.7	52.4	30.9	326.4	255.1	37.2	4.3	29.7
Q2	82.5	21.7	6.2	54.6	39.1	5.6	1.2	8.8	413.1	66.9	33.0	313.2	248.7	37.1	4.9	22.5
Q3	91.6	34.0	6.1	51.5	38.1	5.9	1.0	6.5	403.7	80.6	30.9	292.2	237.4	33.5	4.5	16.8
Q4	99.8	38.0	7.2	54.5	39.5	6.9	1.0	7.1	433.0	91.2	31.4	310.4	253.3	34.4	4.7	18.1
2000 Q1	113.3	43.6	7.0	62.8	49.0	6.6	1.4	5.8	456.4	94.4	28.5	333.4	278.8	34.3	6.1	14.2
Q2 ⁶⁾	138.2	48.5	12.4	77.4	62.7	6.4	1.7	6.6	483.2	94.2	29.0	360.0	307.4	33.2	5.1	14.3

3 Financial markets and interest rates in the euro area

Table 3.1

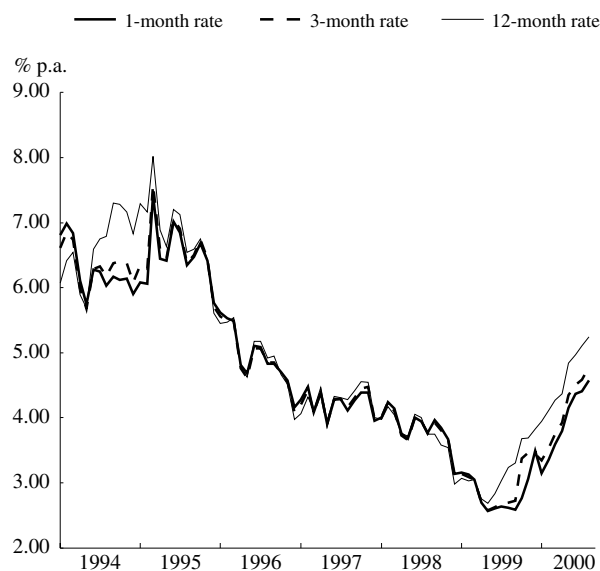
Money market interest rates ¹⁾

(percentages per annum)

	Euro area ⁴⁾					United States ⁶⁾	Japan ⁶⁾
	Overnight deposits ^{2) 3)} 1	1-month deposits ⁵⁾ 2	3-month deposits ⁵⁾ 3	6-month deposits ⁵⁾ 4	12-month deposits ⁵⁾ 5	3-month deposits ⁵⁾ 6	3-month deposits ⁵⁾ 7
1995	5.62	6.51	6.59	6.68	6.86	6.04	1.23
1996	4.04	4.95	4.92	4.89	4.93	5.51	0.57
1997	3.98	4.23	4.24	4.25	4.28	5.76	0.62
1998	3.09	3.84	3.83	3.78	3.77	5.57	0.66
1999	2.74	2.86	2.96	3.06	3.19	5.42	0.22
1999 Aug.	2.44	2.61	2.70	3.05	3.24	5.45	0.09
Sep.	2.43	2.58	2.73	3.11	3.30	5.57	0.10
Oct.	2.50	2.76	3.38	3.46	3.68	6.18	0.25
Nov.	2.94	3.06	3.47	3.48	3.69	6.10	0.30
Dec.	3.04	3.49	3.44	3.51	3.83	6.13	0.33
2000 Jan.	3.04	3.15	3.34	3.56	3.95	6.04	0.15
Feb.	3.28	3.36	3.54	3.73	4.11	6.10	0.13
Mar.	3.51	3.59	3.75	3.94	4.27	6.20	0.14
Apr.	3.69	3.80	3.93	4.09	4.37	6.31	0.12
May	3.92	4.15	4.35	4.53	4.84	6.75	0.10
June	4.29	4.37	4.50	4.68	4.96	6.79	0.13
July	4.31	4.41	4.58	4.84	5.11	6.73	0.22
Aug.	4.42	4.57	4.78	5.01	5.25	6.69	0.32
2000 4 Aug.	4.33	4.42	4.64	4.92	5.17	6.71	0.19
11	4.35	4.47	4.71	4.95	5.19	6.68	0.33
18	4.27	4.63	4.83	5.05	5.29	6.69	0.37
25	4.73	4.74	4.90	5.10	5.33	6.68	0.38
1 Sep.	4.60	4.66	4.83	5.04	5.26	6.67	0.40
8	4.64	4.71	4.86	5.09	5.29	6.66	0.40

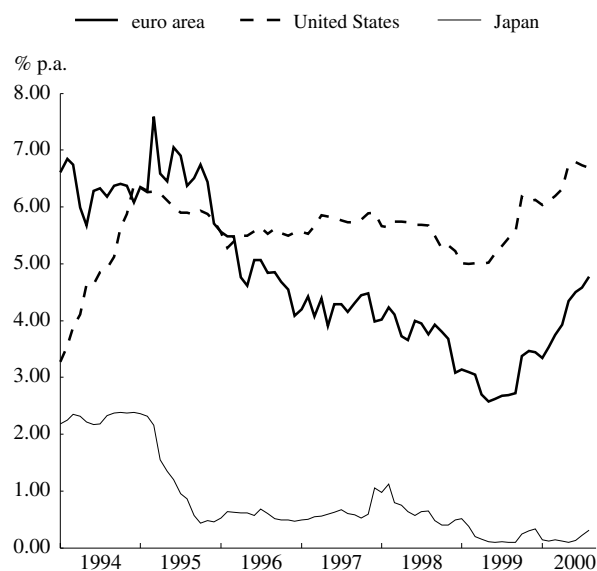
Euro area money market rates

(monthly)



3-month money market rates

(monthly)



Sources: Reuters and ECB.

1) With the exception of the overnight rate to December 1998, monthly and yearly values are period averages.

2) Interbank deposit bid rates to December 1998. From January 1999 column 1 shows the euro overnight index average (EONIA).

3) End-of-period rates to December 1998; period averages thereafter.

4) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP.

5) From January 1999, euro interbank offered rates (EURIBOR). Up to December 1998, London interbank offered rates (LIBOR) where available.

6) London interbank offered rates (LIBOR).

Table 3.2

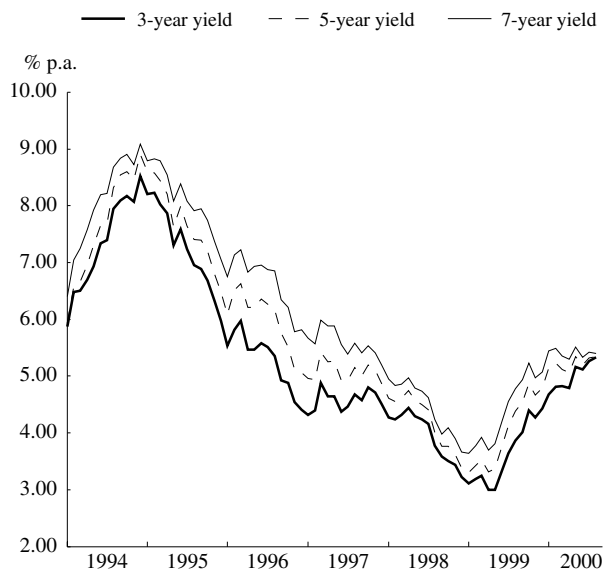
Government bond yields ¹⁾

(percentages per annum)

	Euro area ²⁾					United States	Japan
	2 years ¹	3 years ²	5 years ³	7 years ⁴	10 years ⁵	10 years ⁶	10 years ⁷
1995	5.69	5.97	6.48	7.06	8.73	6.69	3.32
1996	4.17	4.41	5.06	5.82	7.23	6.54	3.03
1997	4.33	4.51	4.87	5.20	5.99	6.45	2.15
1998	3.16	3.22	3.38	3.67	4.71	5.33	1.30
1999	3.38	3.63	4.01	4.38	4.66	5.64	1.75
1999 Aug.	3.56	3.87	4.39	4.78	5.06	5.94	1.89
Sep.	3.66	4.02	4.55	4.94	5.24	5.91	1.75
Oct.	4.07	4.40	4.87	5.23	5.47	6.10	1.78
Nov.	3.99	4.27	4.67	4.97	5.18	6.03	1.81
Dec.	4.18	4.43	4.79	5.07	5.30	6.26	1.73
2000 Jan.	4.38	4.68	5.14	5.44	5.70	6.66	1.71
Feb.	4.55	4.82	5.23	5.49	5.66	6.52	1.83
Mar.	4.59	4.83	5.12	5.35	5.49	6.26	1.81
Apr.	4.58	4.79	5.06	5.30	5.41	6.00	1.75
May	5.00	5.16	5.34	5.51	5.52	6.42	1.71
June	5.02	5.12	5.19	5.33	5.35	6.10	1.69
July	5.19	5.27	5.32	5.43	5.45	6.04	1.72
Aug.	5.28	5.34	5.35	5.40	5.40	5.83	1.77
2000 4 Aug.	5.19	5.24	5.27	5.35	5.38	5.93	1.65
11	5.26	5.30	5.30	5.34	5.33	5.75	1.72
18	5.34	5.40	5.39	5.42	5.39	5.78	1.77
25	5.35	5.40	5.41	5.46	5.43	5.73	1.87
1 Sep.	5.24	5.29	5.31	5.39	5.38	5.72	1.95
8	5.30	5.35	5.39	5.49	5.47	5.74	1.85

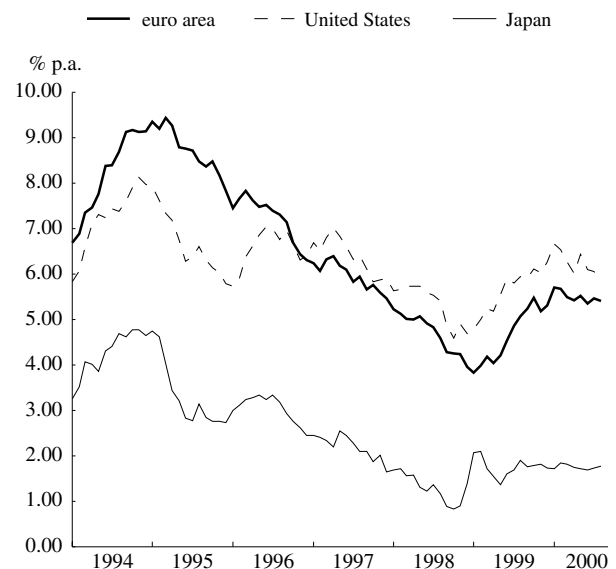
Euro area government bond yields

(monthly)



10-year government bond yields

(monthly)



Sources: Reuters, ECB, Federal Reserve and Bank of Japan.

- 1) To December 1998, 2, 3, 5 and 7-year euro area yields are end-of-period values and 10-year yields are period averages. Thereafter, all yields are period averages.
- 2) To December 1998, euro area yields are calculated on the basis of harmonised national government bond yields weighted by GDP. Thereafter, the weights are the nominal outstanding amounts of government bonds in each maturity band.

Table 3.3

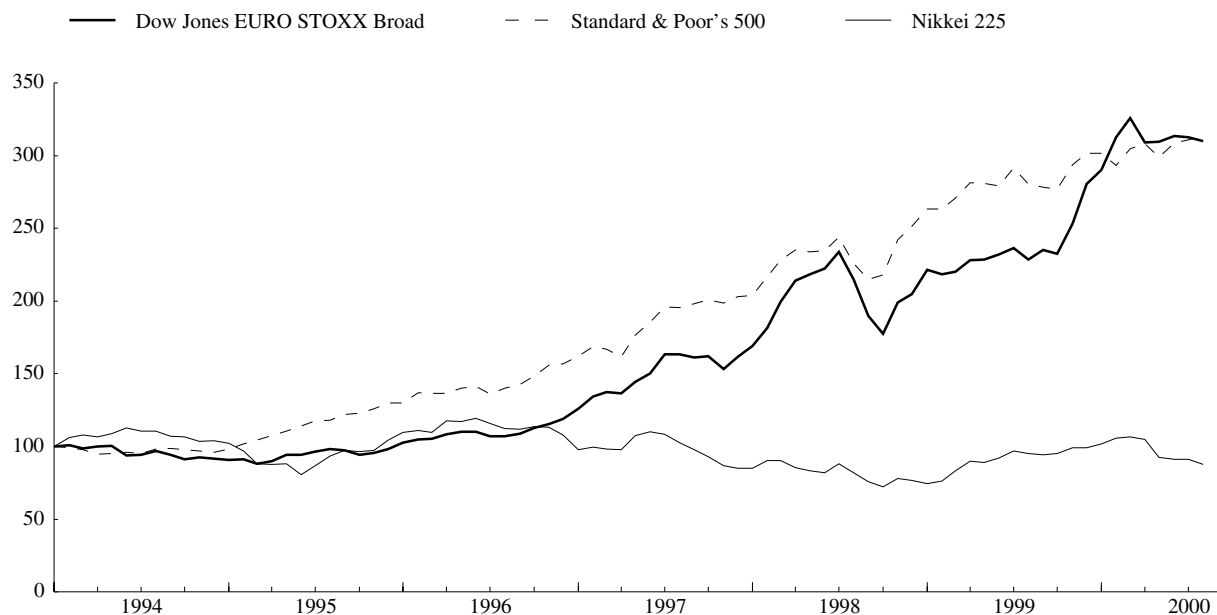
Stock market indices

(index levels, in points)¹⁾

	Dow Jones EURO STOXX indices												United States	Japan
	Benchmark		Main economic sector indices											
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Industrial	Technology	Utilities	Telecommunications	Health-care			Standard & Poor's 500	Nikkei 225
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1995	130.5	1,388.1	150.6	127.9	141.1	131.2	117.0	124.5	146.0	132.3	161.9	166.4	542.2	17,363.4
1996	151.6	1,657.5	181.1	146.8	180.6	159.5	129.9	134.7	150.0	166.3	202.4	230.2	671.2	21,061.7
1997	207.6	2,319.6	233.4	191.9	231.9	227.3	184.4	168.0	227.7	205.5	324.4	301.8	873.9	18,373.4
1998	280.5	3,076.3	257.9	245.0	295.5	249.3	281.3	218.4	333.6	282.1	487.7	348.6	1,085.3	15,338.4
1999	325.8	3,787.3	279.2	262.9	327.7	286.0	295.7	285.1	470.4	306.0	718.8	392.8	1,327.8	16,829.9
1999 Aug.	316.8	3,691.3	302.1	251.2	319.3	314.7	279.2	288.8	455.2	289.8	649.7	380.3	1,327.5	17,670.3
1999 Sep.	325.9	3,772.8	294.3	257.5	328.7	312.3	289.8	297.8	480.8	296.1	683.3	383.3	1,318.2	17,532.8
1999 Oct.	322.4	3,742.6	282.7	253.2	321.5	295.4	290.9	294.4	489.0	281.9	695.7	395.5	1,312.6	17,697.9
1999 Nov.	351.2	4,160.0	294.9	265.0	333.2	305.7	310.3	314.7	589.9	297.4	836.2	427.1	1,391.6	18,440.3
1999 Dec.	389.1	4,590.1	334.6	288.4	327.7	307.4	318.6	366.0	755.7	311.7	1,051.7	398.2	1,429.0	18,430.6
2000 Jan.	402.4	4,714.7	338.2	296.9	319.8	300.6	318.9	379.8	836.4	310.1	1,143.2	366.6	1,427.5	18,905.6
2000 Feb.	433.8	5,090.6	309.3	308.1	307.6	299.7	313.6	396.4	989.4	346.4	1,423.7	371.3	1,388.4	19,700.9
2000 Mar.	452.1	5,317.1	302.5	316.1	305.4	310.5	325.4	402.7	1,070.1	374.6	1,496.0	377.8	1,442.2	19,823.0
2000 Apr.	428.6	5,149.1	306.8	293.7	313.3	329.1	339.0	382.2	957.4	353.9	1,236.7	411.1	1,459.7	19,517.7
2000 May	429.4	5,174.7	304.2	294.5	322.3	353.1	340.0	388.0	1,004.4	356.4	1,135.1	435.5	1,416.7	17,222.5
2000 June	434.7	5,274.2	274.6	294.8	326.1	349.8	350.0	385.4	1,052.1	349.7	1,149.7	456.4	1,462.0	16,969.3
2000 July	433.8	5,227.8	283.1	297.8	328.2	345.7	360.4	384.3	1,044.6	333.9	1,083.0	502.2	1,472.1	16,961.1
2000 Aug.	429.9	5,152.0	290.0	301.3	331.1	363.1	375.9	380.3	982.6	334.1	951.6	545.8	1,485.5	16,329.9
2000 4 Aug.	421.3	5,049.5	289.4	296.3	332.0	347.4	366.3	378.9	932.2	328.9	961.8	530.6	1,462.9	15,667.4
2000 11	431.5	5,179.7	288.8	301.0	331.6	359.5	376.7	381.4	960.3	334.5	1,000.2	548.3	1,471.8	16,117.5
2000 18	432.0	5,180.7	288.7	302.1	327.8	375.8	377.9	380.8	998.2	335.0	941.4	549.4	1,491.7	16,280.5
2000 25	432.3	5,175.6	293.9	301.7	328.8	369.8	379.3	379.3	1,016.7	336.4	921.3	554.4	1,506.5	16,911.3
2000 1 Sep.	443.5	5,298.6	292.0	312.4	337.2	370.4	375.1	388.0	1,099.4	341.7	974.7	552.4	1,520.8	16,739.8
2000 8	437.7	5,229.0	287.1	306.5	328.5	381.6	379.2	383.7	1,047.5	336.9	952.6	536.8	1,494.5	16,501.6

Dow Jones EURO STOXX Broad, Standard & Poor's 500 and Nikkei 225

(base month: January 1994 = 100; monthly)



Source: Reuters.

1) Monthly and yearly values are period averages.

Table 3.4

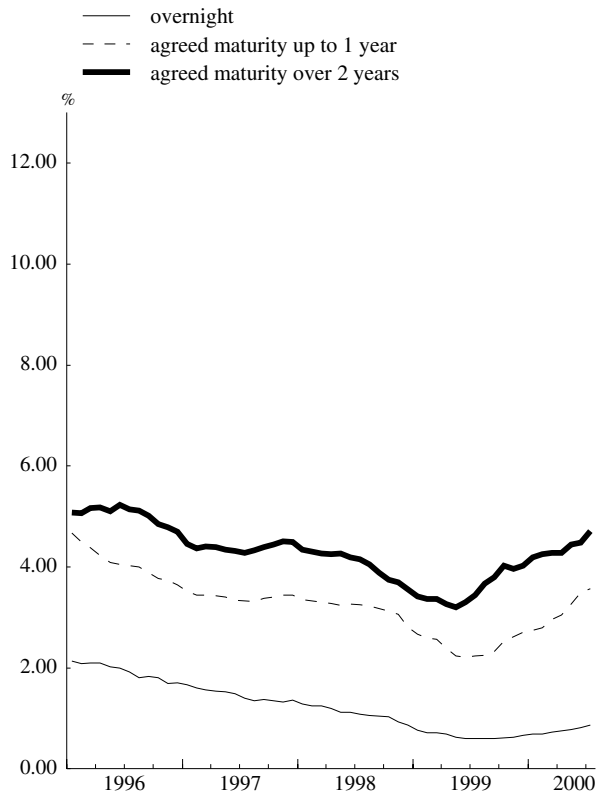
Retail bank interest rates

(percentages per annum; period averages)

	Deposit interest rates						Lending interest rates			
	Overnight 1	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year 2	Up to 2 years 3	Over 2 years 4	Up to 3 months 5	Over 3 months 6	Up to 1 year 7	Over 1 year 8	Consumer lending 9	For house purchase 10
1997	1.46	3.41	3.63	4.40	2.80	3.09	7.59	6.64	10.61	6.63
1998	1.10	3.20	3.22	4.06	2.61	3.25	6.74	5.80	10.05	5.87
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.66	5.10	9.38	5.29
1999 July	0.60	2.24	2.24	3.45	2.14	2.63	5.40	4.96	9.21	5.18
Aug.	0.60	2.25	2.26	3.67	2.00	2.73	5.42	5.16	9.31	5.47
Sep.	0.60	2.32	2.32	3.79	1.99	2.80	5.38	5.19	9.29	5.53
Oct.	0.61	2.52	2.52	4.03	2.00	2.93	5.58	5.55	9.36	5.79
Nov.	0.63	2.62	2.62	3.96	2.02	3.01	5.74	5.54	9.36	5.77
Dec.	0.67	2.70	2.71	4.02	2.04	3.05	5.82	5.51	9.37	5.80
2000 Jan.	0.69	2.74	2.74	4.19	2.05	3.18	5.92	5.74	9.51	6.03
Feb.	0.70	2.80	2.81	4.25	2.06	3.18	6.01	5.85	9.52	6.13
Mar.	0.72	2.96	2.96	4.28	2.07	3.33	6.08	5.85	9.54	6.10
Apr.	0.76	3.05	3.05	4.27	2.09	3.44	6.25	5.99	9.62	6.12
May	0.77	3.26	3.26	4.45	2.12	3.65	6.41	6.16	9.70	6.30
June	0.82	3.49	3.49	4.48	2.15	3.87	6.56	6.23	9.81	6.34
July	0.87	3.57	3.57	4.71	2.32	3.94	6.71	6.29	9.88	6.41

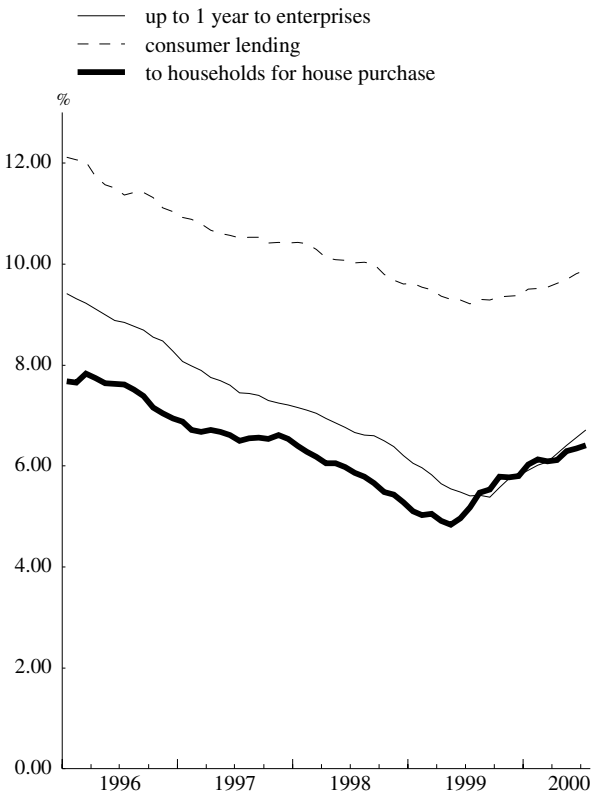
Deposit interest rates

(monthly)



Lending interest rates

(monthly)



Source: ECB.

These euro area retail bank interest rates should be used with caution and for statistical purposes only, primarily to analyse their development over time rather than their level. They are calculated as the weighted average of national interest rates provided by the national central banks. The national rates represent those rates that are currently available from national sources and which are judged to fit the standard categories. These national rates have been aggregated to derive information for the euro area, in some cases relying on proxies and working assumptions due to the heterogeneity observed in the national financial instruments across MU Member States. Furthermore, the national interest rates are not harmonised in terms of their coverage (new business and/or outstanding amounts), the nature of the data (nominal or effective) or the compilation method. The country weights for the euro area retail bank interest rates are derived from MFI balance sheet statistics or close proxies. The weights reflect the country-specific proportions of the relevant instruments within the euro area, measured as outstanding amounts. The weights are adjusted monthly, so that interest rates and weights always refer to the same month.

Table 3.5**Securities issues other than shares by original maturity, residency of the issuer and currency denomination ¹⁾²⁾***(EUR billions; transactions during the period and end-of-period stocks; nominal values)***1. Short-term ³⁾**

	By euro area residents									
					In euro ⁴⁾				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
1999 June	175.7	187.1	-11.4	567.4	169.8	182.4	-12.7	540.3	5.9	4.7
July	209.8	212.1	-2.3	563.5	203.3	205.9	-2.6	536.0	6.5	6.2
Aug.	181.8	164.7	17.2	581.7	175.0	159.0	16.0	552.1	6.8	5.6
Sep.	192.1	188.2	4.0	585.5	185.0	183.3	1.7	553.1	7.1	4.8
Oct.	198.3	189.9	8.4	596.1	192.3	182.9	9.4	563.1	6.0	7.0
Nov.	195.0	176.6	18.4	615.0	187.6	169.9	17.7	580.6	7.5	6.7
Dec.	171.4	169.2	2.2	618.2	162.6	163.5	-0.8	579.9	8.7	5.7
2000 Jan.	250.7	265.5	-14.9	599.3	239.3	255.2	-16.0	562.0	11.4	10.3
Feb.	252.5	239.1	13.5	613.6	239.9	230.0	9.9	572.0	12.6	9.0
Mar.	269.7	248.7	21.0	633.6	257.5	239.5	18.0	590.8	12.2	9.2
Apr.	251.6	249.7	1.9	635.4	239.5	238.5	1.0	590.7	12.1	11.1
May	277.4	261.2	16.2	653.3	266.3	250.7	15.6	608.8	11.1	10.4
June	256.1	256.8	-0.7	653.8	242.2	246.3	-4.1	605.1	13.9	10.6

2. Long-term ³⁾

	By euro area residents									
					In euro ⁴⁾				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
1999 June	118.4	65.8	52.6	5,734.4	108.2	59.7	48.5	5,307.8	10.2	6.1
July	130.0	88.5	41.5	5,771.5	120.9	78.3	42.6	5,351.4	9.1	10.2
Aug.	70.7	49.6	21.1	5,798.3	62.3	43.9	18.4	5,370.5	8.5	5.7
Sep.	138.5	74.9	63.6	5,860.6	123.5	67.0	56.5	5,427.2	15.0	7.9
Oct.	116.5	75.1	41.4	5,907.6	107.3	69.4	37.9	5,466.3	9.2	5.7
Nov.	104.7	78.6	26.1	5,940.1	94.8	71.9	22.9	5,489.2	9.9	6.7
Dec.	76.8	110.3	-33.5	5,913.0	70.3	96.7	-26.5	5,460.6	6.5	13.6
2000 Jan.	110.3	97.3	13.1	5,933.5	101.7	89.6	12.1	5,476.6	8.6	7.6
Feb.	123.0	70.1	52.9	5,986.7	111.0	62.1	48.9	5,525.9	12.0	8.0
Mar.	128.5	93.4	35.1	6,034.4	115.1	83.6	31.4	5,559.3	13.5	9.8
Apr.	110.8	76.2	34.6	6,078.4	100.6	67.6	33.0	5,592.1	10.2	8.7
May	122.7	86.2	36.6	6,113.8	111.6	74.3	37.3	5,631.4	11.1	11.8
June	89.4	57.6	31.8	6,145.0	82.1	49.8	32.3	5,664.1	7.3	7.8

3. Total

	By euro area residents									
					In euro ⁴⁾				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
1999 June	294.1	252.9	41.2	6,301.8	278.0	242.1	35.9	5,848.1	16.1	10.8
July	339.8	300.6	39.2	6,335.0	324.2	284.2	40.0	5,887.4	15.6	16.4
Aug.	252.5	214.3	38.3	6,380.1	237.3	202.9	34.3	5,922.6	15.3	11.4
Sep.	330.7	263.0	67.6	6,446.1	308.5	250.3	58.2	5,980.3	22.2	12.7
Oct.	314.8	265.0	49.8	6,503.7	299.7	252.3	47.4	6,029.3	15.2	12.7
Nov.	299.8	255.3	44.5	6,555.2	282.4	241.9	40.5	6,069.8	17.4	13.4
Dec.	248.2	279.5	-31.4	6,531.2	232.9	260.2	-27.3	6,040.5	15.3	19.3
2000 Jan.	361.0	362.8	-1.8	6,532.9	341.0	344.9	-3.9	6,038.6	20.0	17.9
Feb.	375.6	309.2	66.4	6,600.4	350.9	292.1	58.8	6,097.9	24.7	17.0
Mar.	398.3	342.2	56.1	6,668.0	372.6	323.2	49.4	6,150.1	25.7	19.0
Apr.	362.4	325.9	36.5	6,713.7	340.1	306.1	34.0	6,182.8	22.2	19.8
May	400.1	347.3	52.8	6,767.1	377.9	325.0	52.9	6,240.2	22.2	22.3
June	345.5	314.5	31.1	6,798.8	324.2	296.1	28.2	6,269.1	21.3	18.4

Sources: ECB and BIS (for issues by non-residents of the euro area).

1) Data coverage for euro area residents is estimated at around 95% of total issues.

2) Net issues differ from the change in amounts outstanding because of valuation changes, reclassifications and other adjustments.

currencies		By non-residents of the euro area in euro ⁴⁾				Total in euro ⁴⁾				
		Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)		Net issues (during quarter)	Amounts outstanding (end-quarter)
11	12	13	14	15	16	17	18	19	20	
1.2	27.1	19.2	22.7	-3.5	22.8	566.4	568.8	-2.3	563.1	1999 June
0.3	27.5	.	.	.	.	.	.	.	.	July
1.2	29.6	.	.	.	.	.	.	.	.	Aug.
2.3	32.3	28.0	18.6	9.4	31.7	591.3	566.8	24.5	584.8	Sep.
-1.0	33.0	.	.	.	.	.	.	.	.	Oct.
0.8	34.4	.	.	.	.	.	.	.	.	Nov.
3.0	38.2	21.8	20.0	1.8	34.6	564.4	536.3	28.0	614.5	Dec.
1.1	37.3	.	.	.	.	.	.	.	.	2000 Jan.
3.6	41.6	.	.	.	.	.	.	.	.	Feb.
3.0	42.8	32.6	32.0	0.6	36.8	769.3	756.8	12.5	627.6	Mar.
0.9	44.7	.	.	.	.	.	.	.	.	Apr.
0.6	44.5	.	.	.	.	.	.	.	.	May
3.4	48.8	37.3	31.0	6.3	43.0	785.3	766.5	18.8	648.1	June

currencies		By non-residents of the euro area in euro ⁴⁾				Total in euro ⁴⁾				
		Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)		Net issues (during quarter)	Amounts outstanding (end-quarter)
11	12	13	14	15	16	17	18	19	20	
4.1	426.6	55.7	12.0	43.7	514.9	400.8	238.1	162.7	5,822.7	1999 June
-1.1	420.0	.	.	.	.	.	.	.	.	July
2.7	427.9	.	.	.	.	.	.	.	.	Aug.
7.2	433.4	63.7	12.5	51.1	566.3	370.3	201.7	168.6	5,993.5	Sep.
3.5	441.4	.	.	.	.	.	.	.	.	Oct.
3.2	451.0	.	.	.	.	.	.	.	.	Nov.
-7.0	452.4	49.4	21.4	27.9	594.5	321.8	259.5	62.2	6,055.1	Dec.
1.0	457.0	.	.	.	.	.	.	.	.	2000 Jan.
4.0	460.8	.	.	.	.	.	.	.	.	Feb.
3.6	475.0	65.7	21.4	44.3	639.0	393.4	256.7	136.7	6,198.3	Mar.
1.5	486.3	.	.	.	.	.	.	.	.	Apr.
-0.7	482.4	.	.	.	.	.	.	.	.	May
-0.5	480.9	44.4	23.7	20.7	659.8	338.7	215.4	123.3	6,323.8	June

currencies		By non-residents of the euro area in euro ⁴⁾				Total in euro ⁴⁾				
		Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)		Net issues (during quarter)	Amounts outstanding (end-quarter)
11	12	13	14	15	16	17	18	19	20	
5.4	453.7	74.9	34.6	40.2	537.7	967.2	806.8	160.4	6,385.8	1999 June
-0.8	447.6	.	.	.	.	.	.	.	.	July
3.9	457.5	.	.	.	.	.	.	.	.	Aug.
9.4	465.8	91.7	31.1	60.6	597.9	961.7	768.6	193.1	6,578.3	Sep.
2.5	474.4	.	.	.	.	.	.	.	.	Oct.
4.0	485.4	.	.	.	.	.	.	.	.	Nov.
-4.0	490.6	71.2	41.5	29.7	629.1	886.1	795.9	90.3	6,669.6	Dec.
2.1	494.3	.	.	.	.	.	.	.	.	2000 Jan.
7.6	502.4	.	.	.	.	.	.	.	.	Feb.
6.7	517.8	98.3	53.4	44.9	675.8	1,162.8	1,013.5	149.2	6,825.9	Mar.
2.4	530.9	.	.	.	.	.	.	.	.	Apr.
-0.1	526.8	.	.	.	.	.	.	.	.	May
2.9	529.7	81.7	54.7	27.0	702.8	1,124.1	981.9	142.1	6,971.9	June

3) "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with longer original maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as long-term.

4) Including items expressed in the national denominations of the euro.

Table 3.6**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer** ^{1) 2) 3)}*(EUR billions; end of period; nominal values)***Amounts outstanding****1. Short-term** ⁴⁾

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 June	540.3	174.0	8.3	58.6	296.5	2.9	22.8	8.3	8.7	5.0
July	536.0	178.8	6.8	60.9	286.5	3.0	.	.	.	.
Aug.	552.1	191.3	7.0	62.3	288.7	2.8	.	.	.	.
Sep.	553.1	200.6	6.8	64.6	278.6	2.5	31.7	11.2	12.0	7.3
Oct.	563.1	213.8	6.6	66.1	273.6	3.0	.	.	.	.
Nov.	580.6	237.2	6.4	67.5	266.0	3.5	.	.	.	.
Dec.	579.9	248.6	5.7	66.5	254.4	4.8	34.6	14.4	12.1	6.3
2000 Jan.	562.0	229.1	6.2	66.1	257.1	3.5	.	.	.	.
Feb.	572.0	240.2	6.2	65.8	256.7	3.0	.	.	.	.
Mar.	590.8	250.9	6.0	66.7	264.6	2.6	36.8	15.5	11.9	8.1
Apr.	590.7	245.7	5.8	72.2	264.1	2.8	.	.	.	.
May	608.8	259.8	5.1	76.0	265.7	2.2	.	.	.	.
June	605.1	259.2	3.5	76.1	264.0	2.2	43.0	18.7	11.7	10.8

2. Long-term ⁴⁾

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 June	5,307.8	1,927.8	163.3	187.8	2,935.2	93.7	514.9	136.0	68.7	81.0
July	5,351.4	1,932.6	169.5	194.3	2,960.9	94.1	.	.	.	.
Aug.	5,370.5	1,938.3	170.8	194.4	2,972.9	94.0	.	.	.	.
Sep.	5,427.2	1,964.2	178.8	195.7	2,993.6	94.9	566.3	153.3	75.9	101.1
Oct.	5,466.3	1,983.7	181.5	199.0	3,008.4	93.7	.	.	.	.
Nov.	5,489.2	1,993.9	189.0	198.4	3,013.7	94.2	.	.	.	.
Dec.	5,460.6	1,976.7	191.0	197.0	3,001.7	94.1	594.5	159.2	81.8	113.9
2000 Jan.	5,476.6	1,984.5	191.5	192.1	3,014.2	94.3	.	.	.	.
Feb.	5,525.9	2,003.7	193.5	192.5	3,041.2	95.1	.	.	.	.
Mar.	5,559.3	2,021.7	195.2	195.8	3,050.6	95.9	639.0	176.9	89.1	128.2
Apr.	5,592.1	2,042.1	196.5	202.0	3,054.5	96.9	.	.	.	.
May	5,631.4	2,065.7	199.1	204.2	3,064.3	98.1	.	.	.	.
June	5,664.1	2,076.1	198.3	210.5	3,081.5	97.8	659.8	185.1	93.0	136.4

3. Total

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 June	5,848.1	2,101.8	171.6	246.4	3,231.7	96.6	537.7	144.3	77.5	86.0
July	5,887.4	2,111.4	176.3	255.2	3,247.3	97.2	.	.	.	.
Aug.	5,922.6	2,129.7	177.8	256.7	3,261.7	96.8	.	.	.	.
Sep.	5,980.3	2,164.8	185.5	260.3	3,272.3	97.4	597.9	164.5	87.9	108.4
Oct.	6,029.3	2,197.5	188.1	265.1	3,282.0	96.6	.	.	.	.
Nov.	6,069.8	2,231.1	195.4	265.8	3,279.7	97.7	.	.	.	.
Dec.	6,040.5	2,225.3	196.6	263.5	3,256.1	98.9	629.1	173.6	93.9	120.2
2000 Jan.	6,038.6	2,213.6	197.7	258.2	3,271.4	97.7	.	.	.	.
Feb.	6,097.9	2,244.0	199.7	258.3	3,297.8	98.1	.	.	.	.
Mar.	6,150.1	2,272.6	201.2	262.6	3,315.1	98.6	675.8	192.4	101.0	136.3
Apr.	6,182.8	2,287.9	202.3	274.3	3,318.7	99.6	.	.	.	.
May	6,240.2	2,325.4	204.2	280.2	3,330.1	100.3	.	.	.	.
June	6,269.1	2,335.3	201.8	286.5	3,345.5	100.0	702.8	203.9	104.7	147.2

Sources: ECB and BIS (for issues by non-residents of the euro area).

1) Data coverage for euro area residents is estimated at around 95% of total issues.

2) Including items expressed in the national denominations of the euro.

3) Corresponding ESA 95 sector codes: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S121) and other monetary financial institutions (S122); non-monetary financial corporations comprises other financial intermediaries (S123), financial auxiliaries (S124) and insurance corporations and pension funds (S125); non-financial corporations (S11); central government (S1311); other general government comprises state government (S1312), local government (S1313) and social security funds (S1314).

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
0.3	0.3	0.1	563.1	182.3	17.0	63.6	296.9	3.2	0.1	1999 June
.	.	.	.	.	.	.	.	.	.	July
0.3	0.6	0.3	584.8	211.8	18.8	71.9	279.0	3.1	0.3	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
0.3	0.6	0.8	614.5	263.0	17.8	72.8	254.7	5.5	0.8	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
0.2	0.3	0.7	627.6	266.4	17.9	74.9	264.8	3.0	0.7	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
0.2	0.4	1.2	648.1	277.9	15.2	86.9	264.2	2.6	1.2	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
78.1	27.4	123.7	5,822.7	2,063.8	232.1	268.8	3,013.4	121.1	123.7	1999 June
.	.	.	.	.	.	.	.	.	.	July
82.7	29.2	124.1	5,993.5	2,117.4	254.6	296.8	3,076.4	124.1	124.1	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
86.6	29.1	124.0	6,055.1	2,135.9	272.8	310.9	3,088.3	123.3	124.0	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
93.5	30.0	121.3	6,198.3	2,198.6	284.3	324.0	3,144.1	125.9	121.3	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
96.6	29.9	118.7	6,323.8	2,261.2	291.2	346.9	3,178.2	127.7	118.7	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
78.5	27.7	123.8	6,385.8	2,246.1	249.1	332.3	3,310.2	124.3	123.8	1999 June
.	.	.	.	.	.	.	.	.	.	July
83.1	29.8	124.3	6,578.3	2,329.2	273.4	368.7	3,355.3	127.3	124.3	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
86.9	29.8	124.8	6,669.6	2,398.9	290.5	383.7	3,343.0	128.7	124.8	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
93.7	30.3	122.0	6,825.9	2,465.1	302.2	398.9	3,408.8	128.9	122.0	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
96.8	30.3	119.9	6,971.9	2,539.2	306.5	433.8	3,442.3	130.3	119.9	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June

4) "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with a longer original maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as long-term.

5) The term "banks (including central banks)" is used in this table to indicate institutions of a similar type to MFIs (including the Eurosystem) resident outside the euro area.

6) Including the European Investment Bank. The ECB is included in the Eurosystem.

Table 3.6 (cont'd)

Euro-denominated securities other than shares by original maturity, residency and sector of the issuer ^{1) 2) 3)}

(EUR billions; transactions during the month or quarter; nominal values)

Gross issues

1. Short-term ⁴⁾

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 June	169.8	95.7	1.9	34.8	36.4	0.9	19.2	6.8	7.2	4.5
July	203.3	110.9	1.7	42.5	46.9	1.4	.	.	.	.
Aug.	175.0	92.3	2.0	35.8	43.8	1.1	.	.	.	.
Sep.	185.0	105.1	1.2	37.8	40.0	0.8	28.0	9.7	10.6	6.7
Oct.	192.3	107.3	1.5	41.3	40.7	1.5	.	.	.	.
Nov.	187.6	117.7	1.2	33.7	33.0	2.0	.	.	.	.
Dec.	162.6	117.9	0.9	23.0	18.5	2.3	21.8	9.6	6.9	4.2
2000 Jan.	239.3	154.7	2.1	40.0	41.2	1.3	.	.	.	.
Feb.	239.9	155.4	1.9	44.2	37.0	1.4	.	.	.	.
Mar.	257.5	169.9	1.7	45.0	40.0	0.9	32.6	14.0	10.2	7.5
Apr.	239.5	141.4	2.0	51.3	43.4	1.4	.	.	.	.
May	266.3	175.8	1.6	52.9	34.6	1.4	.	.	.	.
June	242.2	159.9	2.1	46.5	32.7	1.0	37.3	16.4	9.3	10.0

2. Long-term ⁴⁾

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 June	108.2	39.9	21.2	5.3	40.9	0.9	55.7	15.6	11.9	16.5
July	120.9	35.5	8.3	8.8	67.2	1.1	.	.	.	.
Aug.	62.3	27.6	2.2	1.7	30.5	0.2	.	.	.	.
Sep.	123.5	55.7	9.5	3.9	53.0	1.4	63.7	21.3	9.8	22.2
Oct.	107.3	49.8	4.4	5.5	46.5	1.0	.	.	.	.
Nov.	94.8	45.3	9.1	3.0	36.1	1.3	.	.	.	.
Dec.	70.3	39.3	4.3	1.6	23.5	1.5	49.4	13.7	7.8	15.9
2000 Jan.	101.7	41.5	2.0	0.1	57.3	0.8	.	.	.	.
Feb.	111.0	49.8	3.6	3.9	51.7	2.0	.	.	.	.
Mar.	115.1	51.8	3.2	4.6	53.7	1.7	65.7	24.0	9.7	17.9
Apr.	100.6	46.2	3.4	7.5	41.6	1.9	.	.	.	.
May	111.6	53.6	4.9	3.9	47.6	1.5	.	.	.	.
June	82.1	35.6	2.7	7.9	35.6	0.4	44.4	15.6	6.3	15.1

3. Total

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 June	278.0	135.6	23.1	40.2	77.2	1.9	74.9	22.4	19.1	21.0
July	324.2	146.4	10.0	51.3	114.1	2.4	.	.	.	.
Aug.	237.3	119.9	4.2	37.5	74.3	1.4	.	.	.	.
Sep.	308.5	160.8	10.7	41.8	93.0	2.2	91.7	31.0	20.4	28.9
Oct.	299.7	157.1	5.9	46.9	87.2	2.5	.	.	.	.
Nov.	282.4	163.0	10.3	36.6	69.2	3.3	.	.	.	.
Dec.	232.9	157.2	5.3	24.6	42.1	3.8	71.2	23.4	14.8	20.1
2000 Jan.	341.0	196.2	4.1	40.1	98.4	2.1	.	.	.	.
Feb.	350.9	205.3	5.5	48.1	88.6	3.4	.	.	.	.
Mar.	372.6	221.7	4.9	49.6	93.7	2.7	98.3	38.0	19.9	25.4
Apr.	340.1	187.6	5.4	58.8	85.0	3.4	.	.	.	.
May	377.9	229.4	6.6	56.8	82.3	2.9	.	.	.	.
June	324.2	195.4	4.8	54.4	68.3	1.4	81.7	32.0	15.6	25.1

Sources: ECB and BIS (for issues by non-residents of the euro area).

1) Data coverage for euro area residents is estimated at around 95% of total issues.

2) Including items expressed in the national denominations of the euro.

3) Corresponding ESA 95 sector codes: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S121) and other monetary financial institutions (S122); non-monetary financial corporations comprises other financial intermediaries (S123), financial auxiliaries (S124) and insurance corporations and pension funds (S125); non-financial corporations (S11); central government (S1311); other general government comprises state government (S1312), local government (S1313) and social security funds (S1314).

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
0.3	0.2	0.1	566.4	302.5	12.1	114.2	133.1	4.3	0.1	1999 June
.	.	.	.	.	.	.	.	.	.	July
0.3	0.5	0.2	591.3	318.0	15.4	122.9	131.0	3.8	0.2	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
0.2	0.2	0.7	564.4	352.6	10.6	102.2	92.4	5.8	0.7	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
0.2	0.2	0.6	769.3	494.0	15.8	136.7	118.3	3.9	0.6	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
0.1	0.3	1.1	785.3	493.5	15.1	160.6	110.9	4.1	1.1	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
6.4	1.9	3.3	400.8	152.4	47.3	29.3	162.4	6.1	3.3	1999 June
.	.	.	.	.	.	.	.	.	.	July
5.0	2.1	3.2	370.3	140.1	29.8	36.7	155.8	4.8	3.2	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
6.6	1.0	4.3	321.8	148.2	25.7	26.0	112.8	4.8	4.3	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
9.5	1.9	2.6	393.4	167.2	18.6	26.6	172.1	6.4	2.6	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
4.5	1.5	1.4	338.7	151.0	17.3	34.4	129.3	5.3	1.4	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
6.7	2.1	3.4	967.2	454.9	59.4	143.5	295.5	10.4	3.4	1999 June
.	.	.	.	.	.	.	.	.	.	July
5.4	2.6	3.5	961.7	458.1	45.2	159.5	286.8	8.5	3.5	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
6.8	1.1	5.0	886.1	500.7	36.3	128.2	205.2	10.7	5.0	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
9.7	2.1	3.1	1,162.8	661.2	34.4	163.3	290.4	10.3	3.1	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
4.7	1.8	2.5	1,124.1	644.5	32.4	195.0	240.2	9.5	2.5	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June

4) "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with a longer original maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as long-term.

5) The term "banks (including central banks)" is used in this table to indicate institutions of a similar type to MFIs (including the Eurosystem) resident outside the euro area.

6) Including the European Investment Bank. The ECB is included in the Eurosystem.

Table 3.6 (cont'd)
Euro-denominated securities other than shares by original maturity, residency and sector of the issuer ^{1) 2) 3)}
(EUR billions; transactions during the month or quarter; nominal values)
Net issues
1. Short-term ⁴⁾

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 June	-12.7	-6.2	-0.1	-1.2	-5.2	0.0	-3.5	-4.6	0.8	0.7
July	-2.6	5.2	-0.1	2.3	-10.1	0.1	.	.	.	.
Aug.	16.0	12.3	0.2	1.4	2.3	-0.3	.	.	.	.
Sep.	1.7	9.9	-0.1	2.3	-10.1	-0.3	9.4	3.1	3.5	2.4
Oct.	9.4	12.7	-0.2	1.5	-5.0	0.4	.	.	.	.
Nov.	17.7	23.5	-0.3	1.4	-7.6	0.6	.	.	.	.
Dec.	-0.8	10.9	-0.4	-0.9	-11.6	1.3	1.8	2.8	-0.3	-1.3
2000 Jan.	-16.0	-18.0	0.6	-0.4	2.0	-0.2	.	.	.	.
Feb.	9.9	11.0	0.0	-0.3	-0.5	-0.4	.	.	.	.
Mar.	18.0	9.9	-0.3	0.8	7.9	-0.4	0.6	0.5	-0.7	1.5
Apr.	1.0	-4.1	-0.1	5.5	-0.4	0.1	.	.	.	.
May	15.6	12.7	-0.7	3.7	0.5	-0.6	.	.	.	.
June	-4.1	-3.0	0.5	0.1	-1.7	0.0	6.3	3.2	-0.2	2.7

2. Long-term ⁴⁾

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 June	48.5	11.7	20.1	2.5	14.2	0.0	43.7	10.8	10.9	15.3
July	42.6	5.0	4.9	6.6	25.7	0.5	.	.	.	.
Aug.	18.4	5.2	1.3	0.0	12.0	-0.1	.	.	.	.
Sep.	56.5	25.9	7.7	1.3	20.7	0.9	51.1	17.1	7.1	20.1
Oct.	37.9	18.2	2.8	3.4	14.8	-1.3	.	.	.	.
Nov.	22.9	9.6	7.5	0.0	5.3	0.5	.	.	.	.
Dec.	-26.5	-15.4	2.0	-1.1	-11.9	0.0	27.9	5.6	6.0	12.8
2000 Jan.	12.1	4.2	0.5	-5.4	12.6	0.2	.	.	.	.
Feb.	48.9	18.7	2.0	0.4	27.0	0.8	.	.	.	.
Mar.	31.4	16.7	1.5	3.0	9.5	0.9	44.3	17.6	7.3	14.4
Apr.	33.0	20.2	1.1	6.2	4.6	0.9	.	.	.	.
May	37.3	23.6	2.8	2.4	7.2	1.3	.	.	.	.
June	32.3	9.1	1.6	6.3	15.6	-0.3	20.7	8.3	3.8	8.2

3. Total

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 June	35.9	5.4	20.1	1.4	9.0	0.0	40.2	6.2	11.7	16.0
July	40.0	10.2	4.7	8.8	15.6	0.6	.	.	.	.
Aug.	34.3	17.5	1.5	1.4	14.3	-0.4	.	.	.	.
Sep.	58.2	35.8	7.5	3.6	10.6	0.6	60.6	20.2	10.6	22.5
Oct.	47.4	31.0	2.6	4.8	9.8	-0.8	.	.	.	.
Nov.	40.5	33.1	7.3	1.4	-2.3	1.1	.	.	.	.
Dec.	-27.3	-4.5	1.6	-2.0	-23.6	1.2	29.7	8.4	5.7	11.5
2000 Jan.	-3.9	-13.8	1.1	-5.8	14.6	-0.1	.	.	.	.
Feb.	58.8	29.7	2.0	0.1	26.6	0.4	.	.	.	.
Mar.	49.4	26.6	1.2	3.8	17.3	0.5	44.9	18.1	6.6	16.0
Apr.	34.0	16.0	1.1	11.7	4.2	1.1	.	.	.	.
May	52.9	36.4	2.1	6.1	7.7	0.7	.	.	.	.
June	28.2	6.1	2.1	6.4	13.8	-0.3	27.0	11.5	3.6	10.9

Sources: ECB and BIS (for issues by non-residents of the euro area).

1) Data coverage for euro area residents is estimated at around 95% of total issues.

2) Including items expressed in the national denominations of the euro.

3) Corresponding ESA 95 sector codes: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S121) and other monetary financial institutions (S122); non-monetary financial corporations comprises other financial intermediaries (S123), financial auxiliaries (S124) and insurance corporations and pension funds (S125); non-financial corporations (S11); central government (S1311); other general government comprises state government (S1312), local government (S1313) and social security funds (S1314).

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
-0.1	-0.1	-0.1	-2.3	-3.3	0.4	1.3	-0.3	-0.3	-0.1	1999 June
.	.	.	.	.	.	.	.	.	.	July
0.0	0.3	0.1	24.5	30.5	3.4	8.4	-17.9	-0.1	0.1	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
0.0	0.0	0.6	28.0	49.9	-1.2	0.6	-24.2	2.3	0.6	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
-0.1	-0.3	-0.2	12.5	3.3	-0.3	1.7	9.3	-1.4	-0.2	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
0.0	0.1	0.5	18.8	8.9	-0.5	11.9	-1.7	-0.3	0.5	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
4.7	1.4	0.5	162.7	63.9	41.5	19.5	34.5	2.8	0.5	1999 June
.	.	.	.	.	.	.	.	.	.	July
4.6	1.8	0.4	168.6	53.3	20.9	28.0	62.9	3.1	0.4	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
3.9	-0.1	-0.3	62.2	18.1	18.3	15.1	12.0	-0.9	-0.3	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
7.0	0.9	-2.9	136.7	57.2	11.2	12.4	56.1	2.7	-2.9	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
3.1	-0.1	-2.6	123.3	61.2	9.4	23.2	30.5	1.8	-2.6	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
4.6	1.3	0.4	160.4	60.6	41.9	20.8	34.2	2.5	0.4	1999 June
.	.	.	.	.	.	.	.	.	.	July
4.6	2.1	0.6	193.1	83.7	24.4	36.4	45.1	3.0	0.6	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
3.9	-0.1	0.2	90.3	68.0	17.1	15.7	-12.2	1.4	0.2	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
6.9	0.6	-3.1	149.2	60.6	10.9	14.1	65.4	1.3	-3.1	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
3.1	0.0	-2.1	142.1	70.0	8.9	35.1	28.8	1.4	-2.1	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June

4) "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with a longer original maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as long-term.

5) The term "banks (including central banks)" is used in this table to indicate institutions of a similar type to MFIs (including the Eurosystem) resident outside the euro area.

6) Including the European Investment Bank. The ECB is included in the Eurosystem.

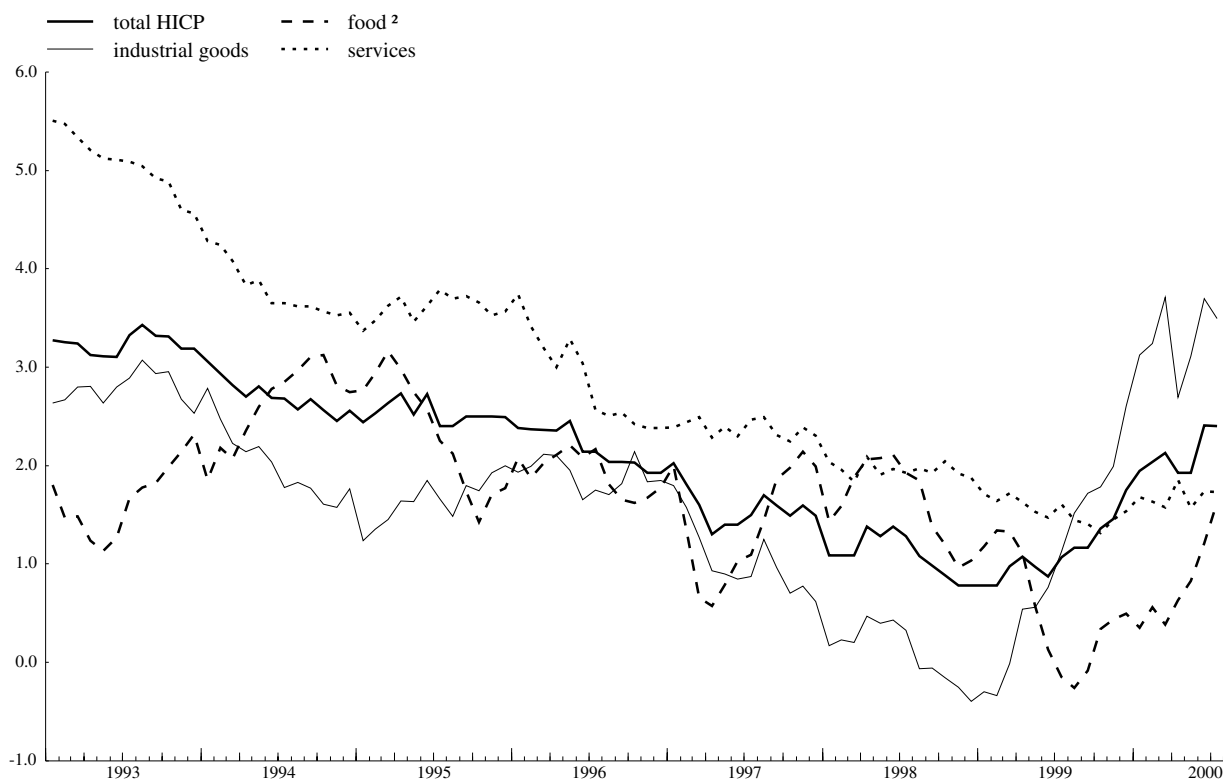
4 HICP and other prices in the euro area

Table 4.1

Harmonised Index of Consumer Prices ¹⁾

(annual percentage changes, unless otherwise indicated)

	Total (index, 1996 = 100)	Total	Goods							Services
			Goods	Food ²⁾		Industrial goods	Non-energy industrial goods	Energy		
				Processed food ²⁾	Unprocessed food					
Weight in the total (%) ³⁾	100.0	100.0	62.7	20.9	12.6	8.2	41.8	32.8	9.0	37.3
	1	2	3	4	5	6	7	8	9	10
1995	97.9	2.5	2.0	2.3	2.5	2.1	1.6	1.6	1.9	3.6
1996	100.0	2.2	1.9	1.9	2.0	1.9	1.9	1.8	2.4	2.9
1997	101.6	1.6	1.2	1.4	1.4	1.4	1.0	0.5	2.8	2.4
1998	102.7	1.1	0.6	1.6	1.4	1.9	0.1	0.9	-2.6	2.0
1999	103.8	1.1	0.8	0.5	0.9	0.0	1.0	0.7	2.2	1.5
1999 Q2	103.8	1.0	0.6	0.6	0.8	0.3	0.6	0.6	0.5	1.5
Q3	104.1	1.1	0.9	-0.2	0.6	-1.4	1.5	0.6	4.6	1.5
Q4	104.4	1.5	1.5	0.4	0.9	-0.3	2.1	0.6	7.8	1.4
2000 Q1	105.2	2.0	2.3	0.4	1.0	-0.3	3.4	0.6	13.6	1.6
Q2	105.9	2.1	2.4	0.9	1.0	0.8	3.2	0.6	12.5	1.7
1999 July	104.0	1.1	0.7	-0.1	0.7	-1.4	1.1	0.6	2.9	1.6
Aug.	104.1	1.2	0.9	-0.3	0.6	-1.6	1.5	0.6	4.7	1.4
Sep.	104.1	1.2	1.1	-0.1	0.6	-1.1	1.7	0.5	6.2	1.4
Oct.	104.2	1.4	1.3	0.3	0.8	-0.4	1.8	0.5	6.3	1.3
Nov.	104.3	1.5	1.5	0.4	0.9	-0.3	2.0	0.6	7.1	1.5
Dec.	104.7	1.7	1.9	0.5	1.0	-0.2	2.6	0.6	10.0	1.5
2000 Jan.	104.8	1.9	2.2	0.4	1.0	-0.5	3.1	0.7	12.0	1.7
Feb.	105.2	2.0	2.3	0.6	1.0	0.0	3.2	0.5	13.5	1.6
Mar.	105.6	2.1	2.6	0.4	1.0	-0.5	3.7	0.6	15.3	1.6
Apr.	105.7	1.9	2.0	0.6	0.9	0.2	2.7	0.5	10.5	1.9
May	105.8	1.9	2.3	0.8	1.0	0.6	3.1	0.6	12.2	1.6
June	106.3	2.4	2.8	1.2	1.0	1.5	3.7	0.6	14.7	1.7
July	106.5	2.4	2.9	1.6	1.0	2.6	3.5	0.6	13.7	1.7



Source: Eurostat. Data before 1995 are estimates based on national definitions and are not fully comparable with HICPs starting in 1995.

1) Extended coverage from January 2000. The change affects annual percentage changes during 2000. See the general notes for a brief explanation.

2) Including alcoholic beverages and tobacco.

3) Referring to the index period 2000.

Table 4.2
Selected other price indicators
(annual percentage changes, unless otherwise indicated)
1. Industry and commodity prices

	Industrial producer prices									World market prices of raw materials ²⁾		Oil prices ³⁾ (EUR per barrel)
	Total excluding construction		Manufacturing						Construction ¹⁾	Total	Total excluding energy	
	Index, 1995 = 100			Intermediate goods	Capital goods	Consumer goods						
						Durable consumer goods	Non-durable consumer goods					
1	2	3	4	5	6	7	8	9	10	11	12	
1995	100.0	3.6	3.9	5.0	1.8	-	-	-	-	0.2	2.1	13.0
1996	100.3	0.3	0.9	-0.9	1.2	1.7	1.7	1.7	1.3	6.5	-6.9	15.9
1997	101.3	1.0	0.8	1.3	0.2	0.8	0.0	1.2	1.3	10.0	12.9	17.1
1998	100.6	-0.8	-0.6	-2.4	0.5	0.4	0.0	0.6	0.2	-21.2	-12.5	12.0
1999	100.2	-0.4	0.2	-0.7	0.0	0.0	0.1	0.0	0.9	17.8	-3.1	17.1
1999 Q2	99.6	-1.4	-0.8	-2.9	0.0	-0.2	-0.1	-0.3	0.8	5.9	-8.2	15.0
Q3	100.5	0.1	0.8	0.6	-0.1	0.1	0.0	0.1	1.2	31.0	1.1	19.7
Q4	101.7	2.2	2.6	5.1	0.1	0.4	0.3	0.4	0.9	61.5	14.0	23.0
2000 Q1	103.2	4.4	4.5	9.8	0.5	0.7	0.7	0.7	1.9	78.3	19.9	27.1
Q2	104.7	5.1	5.1	11.1	0.6	1.2	0.8	1.3	.	53.7	18.3	29.1
1999 Aug.	100.5	0.1	0.9	0.6	-0.2	0.0	-0.1	0.1	-	29.2	-0.5	19.2
Sep.	100.9	0.7	1.4	1.8	-0.1	0.3	0.3	0.3	-	41.4	6.6	21.8
Oct.	101.3	1.4	2.0	3.4	0.1	0.4	0.3	0.4	-	44.3	10.7	20.8
Nov.	101.6	2.1	2.6	5.0	0.1	0.4	0.2	0.5	-	60.4	11.9	23.5
Dec.	102.1	2.9	3.4	6.9	0.1	0.4	0.3	0.4	-	81.3	19.3	24.8
2000 Jan.	102.7	3.8	4.0	8.7	0.4	0.6	0.6	0.6	-	76.2	19.4	24.9
Feb.	103.2	4.4	4.6	10.0	0.5	0.7	0.7	0.7	-	87.6	20.0	27.6
Mar.	103.8	4.8	5.0	10.8	0.5	0.8	0.7	0.8	-	72.0	20.2	28.4
Apr.	104.0	4.6	4.6	10.0	0.6	1.1	0.7	1.2	-	43.9	19.4	24.6
May	104.7	5.2	5.2	11.2	0.6	1.2	0.8	1.5	-	61.9	22.8	30.4
June	105.2	5.6	5.4	12.0	0.6	1.2	0.9	1.3	-	55.2	12.9	31.5
July	105.7	5.5	5.2	11.5	0.7	1.2	1.0	1.3	-	42.0	14.3	30.6
Aug.	.	.	.	.	.	.	.	.	-	47.5	18.3	33.6

2. Deflators of gross domestic product

	Deflators of GDP ⁴⁾ (s.a.)							
	GDP		Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Exports ⁵⁾	Imports ⁵⁾
	Index, 1995 = 100							
	13	14	15	16	17	18	19	20
1995	100.0	2.7	2.8	2.8	2.9	1.7	2.8	2.9
1996	102.0	2.1	2.1	2.4	2.2	0.9	0.9	0.8
1997	103.6	1.5	1.7	1.9	1.6	0.9	1.7	2.6
1998	105.3	1.6	1.2	1.4	1.6	0.7	0.0	-1.5
1999	106.4	1.1	1.3	1.2	2.3	0.6	-0.3	0.4
1998 Q1	104.7	1.7	1.4	1.6	1.5	0.8	1.7	0.9
Q2	105.2	1.7	1.5	1.6	1.6	0.9	0.5	-0.4
Q3	105.5	1.7	1.1	1.2	1.7	0.7	-0.5	-2.4
Q4	105.8	1.4	0.8	0.9	1.5	0.4	-1.8	-3.9
1999 Q1	106.1	1.3	0.9	0.9	2.0	0.3	-2.2	-3.7
Q2	106.3	1.1	1.1	1.2	2.3	0.3	-1.2	-1.3
Q3	106.6	1.0	1.5	1.2	2.5	0.8	0.1	1.5
Q4	106.8	1.0	1.9	1.5	2.4	1.1	2.1	5.0
2000 Q1	107.2	1.0	2.3	1.9	1.9	1.9	3.8	7.8

Sources: Eurostat, except columns 10 and 11 (HWWA, Institut für Wirtschaftsforschung, Hamburg), column 12 (International Petroleum Exchange), and columns 13 to 20 (ECB calculations based on Eurostat data).

1) Residential buildings, based on non-harmonised data.

2) To December 1998, in ECU; from January 1999, in euro.

3) Brent Blend (for one-month forward delivery). To December 1998, in ECU; from January 1999, in euro.

4) Based mainly on the ESA 95; data to end-1998 are based on national deflators in domestic currency.

5) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

5 Real economy indicators in the euro area

Table 5.1

National accounts ¹⁾

GDP and expenditure components

1. Current prices

(EUR billions (ECU billions to end-1998), seasonally adjusted)

	GDP						External balance ³⁾		
	1	Domestic demand		Private consumption 3	Government consumption 4	Gross fixed capital formation 5	Changes in inventories ²⁾ 6	Exports ³⁾ 8	Imports ³⁾ 9
1995		5,309.0	5,209.7							2,997.2	1,093.7	1,092.4	26.4	99.3	1,569.5	1,470.2
1996	5,532.8	5,406.0	3,142.0	1,143.5	1,120.6	-0.1	126.7	1,658.6	1,531.9
1997	5,646.2	5,494.8	3,193.4	1,151.4	1,136.3	13.7	151.4	1,828.4	1,676.9
1998	5,868.7	5,724.1	3,318.4	1,174.5	1,192.1	39.2	144.7	1,942.9	1,798.2
1999	6,116.4	6,003.0	3,469.2	1,225.8	1,265.4	42.6	113.4	2,029.0	1,915.6
1998 Q4	1,490.7	1,458.3	844.8	298.2	303.7	11.6	32.4	481.6	449.2
1999 Q1	1,506.6	1,477.0	854.9	302.8	309.7	9.7	29.6	479.4	449.8
Q2	1,518.2	1,489.6	862.0	305.3	313.7	8.6	28.6	496.0	467.4
Q3	1,537.5	1,508.4	872.3	308.0	319.8	8.2	29.1	518.0	488.9
Q4	1,554.0	1,528.0	880.0	309.8	322.1	16.1	26.0	535.5	509.5
2000 Q1	1,573.5	1,550.1	891.9	312.9	331.0	14.2	23.4	556.4	533.0

2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP						External balance ³⁾		
	10	Domestic demand		Private consumption 12	Government consumption 13	Gross fixed capital formation 14	Changes in inventories ²⁾ 15	Exports ³⁾ 17	Imports ³⁾ 18
1995		5,309.0	5,209.7							2,997.2	1,093.7	1,092.4	26.4	99.3	1,569.5	1,470.2
1996	5,382.4	5,261.1	3,042.1	1,112.7	1,104.6	1.7	121.3	1,637.8	1,516.5
1997	5,504.4	5,348.6	3,086.9	1,122.3	1,128.0	11.4	155.8	1,806.4	1,650.6
1998	5,654.1	5,528.8	3,178.7	1,132.6	1,176.9	40.6	125.4	1,930.9	1,805.6
1999	5,787.9	5,684.3	3,258.8	1,149.3	1,233.2	43.0	103.7	2,013.1	1,909.5
1998 Q4	1,421.1	1,396.8	802.0	283.8	298.2	12.8	24.3	480.6	456.4
1999 Q1	1,430.5	1,410.1	808.4	286.4	303.4	11.8	20.5	481.3	460.9
Q2	1,438.9	1,415.5	810.8	286.8	306.3	11.5	23.5	494.9	471.5
Q3	1,453.0	1,423.1	817.7	287.7	311.0	6.8	29.9	512.7	482.8
Q4	1,465.5	1,435.7	821.9	288.3	312.5	13.0	29.8	524.1	494.3
2000 Q1	1,478.7	1,447.3	827.9	290.6	318.3	10.4	31.4	538.1	506.7

(annual percentage changes)

1995	2.2	2.0	1.8	0.6	2.3	—	—	7.9	7.4
1996	1.4	1.0	1.5	1.7	1.1	—	—	4.4	3.1
1997	2.3	1.7	1.5	0.9	2.1	—	—	10.3	8.8
1998	2.7	3.4	3.0	0.9	4.3	—	—	6.9	9.4
1999	2.4	2.8	2.5	1.5	4.8	—	—	4.3	5.8
1998 Q4	2.0	3.2	3.1	1.0	3.7	—	—	2.1	5.8
1999 Q1	1.8	2.8	2.7	1.4	4.0	—	—	0.6	3.5
Q2	2.0	2.9	2.4	1.3	5.4	—	—	1.9	4.5
Q3	2.5	2.8	2.5	1.6	4.9	—	—	5.4	6.6
Q4	3.1	2.8	2.5	1.6	4.8	—	—	9.0	8.3
2000 Q1	3.4	2.6	2.4	1.5	4.9	—	—	11.8	9.9

Source: Eurostat.

1) Based mainly on the ESA 95. See the first section of the general notes for a brief explanation of features of current price data expressed in ECU up to end-1998.

2) Including acquisitions less disposals of valuables.

3) Exports and imports cover goods and services and include cross-border trade within the euro area. They are not fully consistent with Tables 8 and 9.

Value added by activity ¹⁾

3. Current prices

(index: 1995 = 100, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM ²⁾	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
Share in the total (%) ³⁾	100	2.6	23.7	6.0	20.7	25.3	21.7		
	1	2	3	4	5	6	7	8	9
1995	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1996	104.1	105.8	102.1	99.7	102.7	107.3	104.7	102.6	105.0
1997	105.9	105.1	103.9	96.5	105.2	111.0	105.7	102.1	108.7
1998	109.8	105.7	107.0	97.0	110.2	116.1	109.0	102.2	115.0
1999	113.9	105.1	108.6	100.8	114.4	123.0	113.2	103.9	123.6
1998 Q4	111.3	105.3	106.9	98.0	112.1	118.9	111.0	103.2	118.5
1999 Q1	112.4	105.9	107.2	99.4	113.0	120.8	112.1	103.6	120.6
Q2	113.1	104.4	107.5	100.3	113.5	122.1	113.1	103.9	122.6
Q3	114.5	104.6	109.2	101.3	114.9	123.8	113.7	103.8	124.4
Q4	115.6	105.6	110.4	102.3	116.2	125.3	114.1	104.4	126.8
2000 Q1	117.2	106.5	112.2	104.2	117.6	127.3	115.4	105.4	126.4

4. Constant prices ⁴⁾

(index: 1995 = 100, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM ²⁾	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
Share in the total (%) ³⁾	100	2.6	23.7	6.0	20.7	25.3	21.7		
	10	11	12	13	14	15	16	17	18
1995	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1996	101.4	106.0	99.6	98.0	100.8	103.7	101.8	102.6	101.3
1997	103.8	107.0	102.8	96.1	103.9	107.0	102.7	105.6	103.5
1998	106.6	109.2	105.1	96.0	108.1	111.3	104.3	109.7	106.4
1999	109.1	111.6	106.5	97.6	111.4	115.3	105.3	114.0	110.5
1998 Q4	107.2	109.6	104.4	95.9	109.0	112.8	104.9	111.8	107.6
1999 Q1	107.8	110.7	104.9	96.7	110.1	113.5	105.0	112.0	109.0
Q2	108.5	110.8	105.8	97.4	110.5	114.6	105.1	113.1	109.6
Q3	109.6	112.5	107.2	97.8	111.9	115.9	105.5	114.9	110.7
Q4	110.4	112.4	108.2	98.4	113.0	117.1	105.7	116.1	112.7
2000 Q1	111.6	111.7	109.8	99.3	114.7	118.6	106.2	117.0	111.2

(annual percentage changes)

1995	2.3	0.9	3.0	-0.3	2.3	3.1	1.5	-0.3	0.6
1996	1.4	6.0	-0.4	-2.0	0.8	3.7	1.8	2.6	1.3
1997	2.3	1.0	3.2	-1.9	3.1	3.2	0.9	3.0	2.1
1998	2.7	2.0	2.2	-0.1	4.0	4.0	1.5	3.9	2.9
1999	2.3	2.2	1.4	1.6	3.1	3.6	1.0	4.0	3.8
1998 Q4	1.9	0.5	-0.4	-0.6	3.2	3.9	1.9	4.4	3.2
1999 Q1	1.8	1.2	-0.2	-0.2	2.8	3.4	1.5	3.9	3.4
Q2	2.0	1.6	0.5	2.2	2.7	3.4	1.0	4.0	3.1
Q3	2.4	3.4	1.7	1.9	3.0	3.8	0.9	4.1	3.9
Q4	3.0	2.6	3.6	2.6	3.7	3.8	0.7	3.8	4.7
2000 Q1	3.6	0.9	4.7	2.7	4.2	4.4	1.2	4.4	2.0

Source: ECB calculations based on Eurostat data.

1) Estimates based on incomplete national data and therefore presented as indices.

2) The use of financial intermediation services indirectly measured (FISIM) is treated as intermediate consumption which is not allocated among branches.

3) Share of each branch of activity in total value added in 1995.

4) Value added at 1995 prices.

Table 5.2

Selected other real economy indicators ¹⁾

1. Industrial production

(annual percentage changes, unless otherwise indicated)

	Total including construction		Total excluding construction		Manufacturing						Construction
	Index (s.a.) 1995 = 100		Index (s.a.) 1995 = 100		Intermediate goods	Capital goods	Consumer goods		Non-durable consumer goods		
	1	2	3	4			8	9		10	
1995	100.1	2.8	100.1	3.5	3.6	2.6	7.3	-0.7	-1.2	1.8	0.5
1996	100.1	-0.1	100.4	0.3	0.0	-0.2	1.6	0.0	0.0	-0.4	-2.3
1997	103.8	3.8	104.7	4.3	4.9	5.5	4.9	3.6	3.7	2.8	-0.1
1998	107.6	3.7	109.1	4.2	4.6	3.9	6.4	5.3	5.9	2.0	0.3
1999	109.8	2.0	111.0	1.8	1.8	2.2	1.4	2.8	3.0	1.6	2.8
1999 Q2	108.6	1.0	109.8	0.5	0.4	0.5	0.7	1.4	1.7	-0.1	3.1
Q3	110.6	2.5	111.7	2.4	2.3	3.2	1.6	3.1	3.3	2.2	2.8
Q4	112.0	4.2	113.5	4.1	4.5	5.4	2.6	5.1	5.4	3.4	4.6
2000 Q1	113.4	5.1	114.7	4.9	5.2	5.9	6.3	6.9	8.1	0.3	5.2
Q2	114.5	5.4	116.5	5.9	6.2	5.7	8.2	8.0	8.8	3.1	-2.2
1999 Aug.	111.2	3.5	111.7	3.6	3.6	4.0	3.2	6.5	7.2	3.6	2.4
Sep.	110.6	2.6	112.3	2.5	2.5	3.3	2.3	2.5	2.6	1.5	2.9
Oct.	111.1	2.8	113.0	2.7	3.1	3.8	1.8	3.2	3.3	2.7	2.9
Nov.	112.2	4.3	113.7	4.4	4.8	5.3	3.1	5.2	5.4	4.2	3.7
Dec.	112.6	5.5	113.7	5.2	5.8	7.4	3.0	7.5	8.3	3.2	8.1
2000 Jan.	112.0	3.0	113.8	3.3	3.3	4.6	4.5	3.9	5.0	-1.8	2.1
Feb.	114.3	7.0	114.7	5.8	6.6	6.9	6.9	8.9	10.2	1.7	14.9
Mar.	114.0	5.3	115.7	5.3	5.6	6.0	7.4	7.6	8.7	0.9	-0.2
Apr.	113.8	5.4	116.2	5.9	6.3	5.5	7.4	9.5	10.4	3.8	-2.7
May	116.3	7.8	116.9	8.1	8.3	8.1	11.6	10.1	11.2	3.5	1.3
June	113.5	3.1	116.4	3.7	4.1	3.6	5.9	4.7	5.1	2.1	-5.0
July	.	.	.	.	.	.	.	.	.	.	.
Aug.	.	.	.	.	.	.	.	.	.	.	.

2. Retail sales and car registrations

(annual percentage changes, unless otherwise indicated)

	Retail sales (s.a.)								New passenger car registrations	
	Current prices				Constant prices				Thousands ²⁾	(s.a.)
	Total		Total		Food, beverages, tobacco	Non-food	Textiles, clothing, footwear	Household equipment		
	Index 1995 = 100		Index 1995 = 100						16	17	18	19
12	13	14	15	16	17	18	19	20	21	
1995	100.0	.	100.0	.	.	.	.	.	777	0.9
1996	102.0	2.1	100.5	0.5	0.8	.	-1.0	0.0	826	6.2
1997	104.4	2.3	101.8	1.2	1.1	1.3	0.6	1.2	861	4.2
1998	108.1	3.6	104.6	2.8	2.0	3.4	2.0	4.0	923	7.2
1999	111.6	3.3	107.2	2.5	3.1	2.3	1.4	2.6	974	5.5
1999 Q2	110.7	2.8	106.6	2.3	3.0	2.1	2.0	2.5	978	8.6
Q3	111.9	2.9	107.4	2.1	3.1	1.7	-1.0	3.6	1,001	6.6
Q4	113.6	4.1	108.5	2.8	3.5	2.5	2.7	3.2	949	-0.1
2000 Q1	114.1	3.6	108.8	2.4	3.3	1.5	0.8	4.5	980	1.4
Q2	115.6	4.5	109.9	3.1	3.4	2.5	0.9	4.5	984	0.7
1999 Aug.	112.2	3.0	107.6	2.2	3.0	2.3	0.4	4.2	968	5.3
Sep.	111.7	2.7	107.3	2.0	3.5	0.7	-3.8	3.1	964	2.1
Oct.	113.5	4.9	108.6	3.6	4.7	2.8	3.9	3.3	971	3.0
Nov.	113.9	3.7	108.5	2.2	3.0	2.1	1.7	3.0	955	-1.3
Dec.	113.4	3.8	108.4	2.6	2.8	2.5	2.4	3.2	921	-2.8
2000 Jan.	113.7	3.7	108.7	2.5	3.6	1.7	-0.2	3.7	974	0.7
Feb.	114.8	4.9	109.3	3.4	3.5	3.4	5.6	5.5	993	5.3
Mar.	113.8	2.1	108.5	1.3	2.7	-0.5	-2.7	4.2	972	-0.9
Apr.	115.1	4.5	109.6	3.3	3.2	3.0	0.9	5.2	973	-1.7
May	116.1	5.5	110.2	3.8	4.8	3.4	2.8	5.0	980	1.4
June	115.7	3.6	109.8	2.2	2.2	1.1	-0.9	3.2	999	2.4
July	.	.	.	.	.	.	.	.	894	-14.5
Aug.	.	.	.	.	.	.	.	.	940	-4.3

Sources: Eurostat, except columns 20 and 21 (ECB calculation based on data from the ACEA/A.A.A., European Automobile Manufacturers' Association).

1) Adjusted for variations in the number of working days.

2) Monthly averages.

Table 5.3

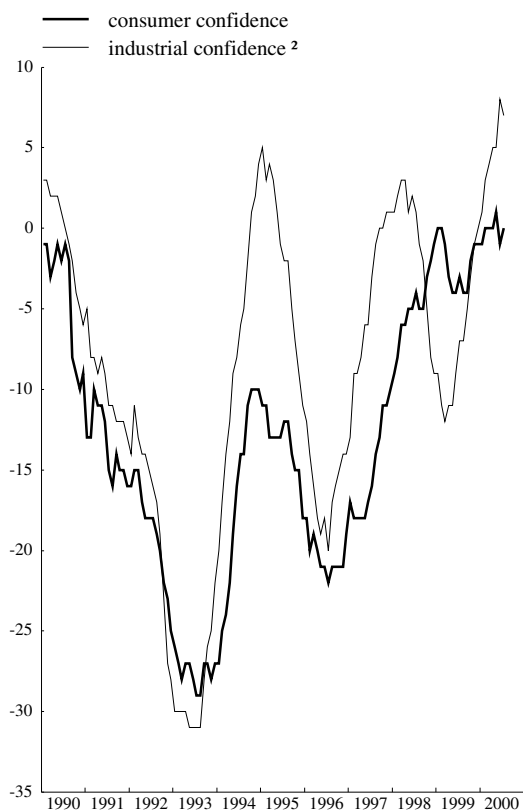
Business and consumer surveys

(percentage balances, seasonally adjusted, unless otherwise indicated)

	Manufacturing industry				Construction confidence indicator 5	Retail trade confidence indicator 6	Consumer confidence indicator 7
	Confidence indicator 1	Production expectations 2	Assessment of order books 3	Capacity utilisation ^{b)} (percentages) 4			
1995	-2	10	-8	82.6	-27	-12	-13
1996	-16	-1	-30	80.6	-36	-11	-20
1997	-4	11	-15	81.0	-33	-9	-15
1998	-1	11	-5	83.0	-19	-3	-5
1999	-7	7	-17	81.8	-7	-5	-2
1999 Q3	-6	8	-17	81.6	-7	-7	-4
Q4	-1	14	-9	81.9	-3	-7	-1
2000 Q1	3	15	-2	83.0	0	0	0
Q2	6	17	5	83.7	2	3	0
Q3	.	.	.	83.9	.	.	.
1999 July	-7	7	-18	-	-5	-6	-3
Aug.	-7	7	-17	-	-9	-7	-4
Sep.	-5	10	-15	-	-8	-7	-4
Oct.	-3	13	-11	-	-6	-9	-2
Nov.	-1	15	-9	-	0	-9	-1
Dec.	0	13	-6	-	-4	-2	-1
2000 Jan.	1	13	-4	-	2	-2	-1
Feb.	3	16	-2	-	-2	-3	0
Mar.	4	15	1	-	0	5	0
Apr.	5	15	3	-	2	-3	0
May	5	16	4	-	1	4	1
June	8	19	8	-	3	7	-1
July	7	19	5	-	2	-3	0

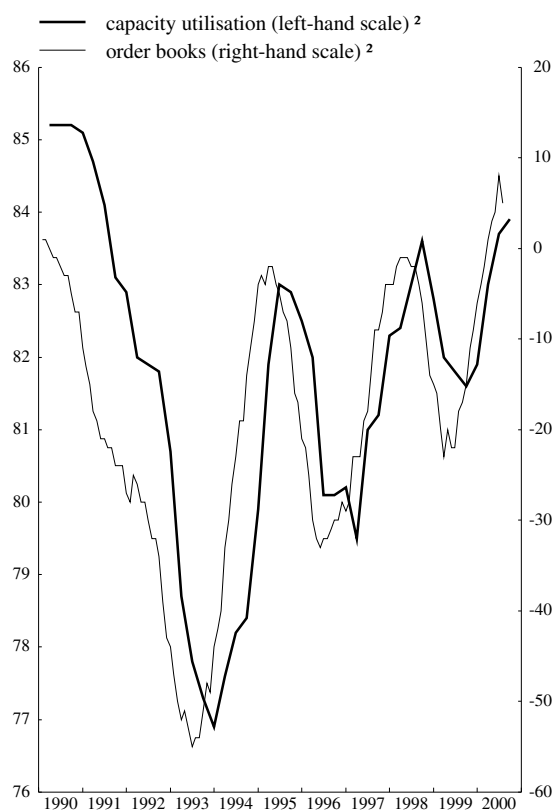
Consumer and industrial confidence indicators

(percentage balances; monthly, seasonally adjusted)



Capacity utilisation and order books

(capacity utilisation, percentages, quarterly; order books, percentage balances, monthly; seasonally adjusted)



Source: European Commission Business and Consumer Surveys.

1) Data on capacity utilisation are collected in January, April, July and October. Annual data are averages of the four quarterly surveys.

2) Manufacturing.

Table 5.4
Labour market indicators
1. Employment and unemployment ¹⁾
(annual percentage changes, unless otherwise indicated)

	Employment						Unemployment (s.a.)			
	Whole economy				Industry (excluding construction)	Services	Total		Adult ²⁾	Youth ²⁾
	Index, 1995 = 100		Employees	Self- employed			Millions	% of labour force	% of labour force	% of labour force
1	2	3	4	5	6	7	8	9	10	
1995	100.0	.	.	.	.	.	14.321	11.3	9.5	23.3
1996	100.4	0.4	0.5	0.5	-1.4	1.5	14.724	11.6	9.8	23.9
1997	101.1	0.7	0.9	0.2	-0.4	1.4	14.822	11.6	9.9	23.2
1998	102.6	1.5	1.7	0.7	1.2	1.9	14.084	10.9	9.4	21.3
1999	104.3	1.7	2.1	-0.4	0.1	2.4	13.007	10.0	8.7	19.1
1999 Q2	104.2	1.6	1.9	-0.5	-0.2	2.3	13.094	10.0	8.8	19.3
Q3	104.7	1.7	2.1	-0.7	-0.1	2.5	12.914	9.9	8.6	18.9
Q4	105.2	1.7	2.1	-0.6	0.1	2.4	12.613	9.7	8.5	18.2
2000 Q1	105.8	1.9	2.3	-0.2	0.2	2.5	12.358	9.5	8.3	18.0
Q2	.	.	.	.	.	.	11.966	9.2	8.1	17.3
1999 July	-	-	-	-	-	-	12.921	9.9	8.7	18.9
Aug.	-	-	-	-	-	-	12.953	9.9	8.7	19.0
Sep.	-	-	-	-	-	-	12.867	9.9	8.6	18.8
Oct.	-	-	-	-	-	-	12.685	9.7	8.5	18.4
Nov.	-	-	-	-	-	-	12.595	9.6	8.5	18.2
Dec.	-	-	-	-	-	-	12.560	9.6	8.5	18.1
2000 Jan.	-	-	-	-	-	-	12.488	9.6	8.4	18.1
Feb.	-	-	-	-	-	-	12.371	9.5	8.3	18.1
Mar.	-	-	-	-	-	-	12.214	9.4	8.2	17.9
Apr.	-	-	-	-	-	-	12.102	9.3	8.1	17.6
May	-	-	-	-	-	-	11.967	9.2	8.1	17.3
June	-	-	-	-	-	-	11.829	9.1	8.0	17.0
July	-	-	-	-	-	-	11.826	9.1	8.0	17.1

2. Labour costs and productivity
(annual percentage changes)

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices ³⁾ and components					Earnings per employee in manufacturing
	Unit labour cost	Compensation per employee	Labour productivity	Total	Wages and salaries	Other	Industry excluding construction	Services	
							Total	Total	
11	12	13	14	15	16	17	18	19	
1995	1.5	3.3	1.8	-	-	-	-	-	3.9
1996	1.8	2.9	1.1	3.4	3.0	4.3	3.5	3.9	3.7
1997	0.7	2.3	1.6	2.5	2.4	2.8	2.3	2.6	2.6
1998	0.3	1.4	1.1	1.8	1.9	1.3	1.8	1.4	2.9
1999	1.1	1.8	0.7	2.2	2.4	1.6	2.2	1.8	2.3
1998 Q1	-1.4	1.1	2.5	1.8	2.0	1.1	1.5	1.5	2.5
Q2	0.2	1.2	1.0	1.8	2.1	1.2	2.0	1.5	3.1
Q3	0.5	1.2	0.7	1.7	1.7	1.5	1.9	1.2	2.9
Q4	1.0	1.2	0.2	1.8	1.9	1.4	2.0	1.3	3.2
1999 Q1	1.6	1.6	0.0	2.1	2.1	1.7	2.1	1.6	2.7
Q2	1.5	2.0	0.5	2.0	2.2	1.4	1.9	2.0	2.5
Q3	1.0	1.7	0.7	2.3	2.5	1.8	2.3	2.0	2.3
Q4	0.2	1.6	1.4	2.4	2.6	1.7	2.5	1.7	1.8
2000 Q1	0.5	2.1	1.7	3.6	3.8	2.8	3.4	3.0	2.7

Sources: ECB calculations based on Eurostat data (columns 1 to 6 and 18), Eurostat (columns 7 to 10, 14 to 17) and ECB calculations based on national data (columns 11 to 13 and 19).

1) Data for employment are based on the ESA 95. Due to differences in coverage, quarterly data are not fully consistent with annual data. Data for unemployment follow ILO recommendations.

2) Adult, 25 years and over; youth, below 25 years; expressed as a percentage of the labour force for the relevant age group.

3) Hourly labour costs for the whole economy, excluding the agriculture, public administration, education and health sectors. Owing to differences in coverage, components are not consistent with the total.

6 Saving, investment and financing in the euro area

Table 6

Saving, investment and financing

(as a percentage of GDP, unless otherwise indicated)

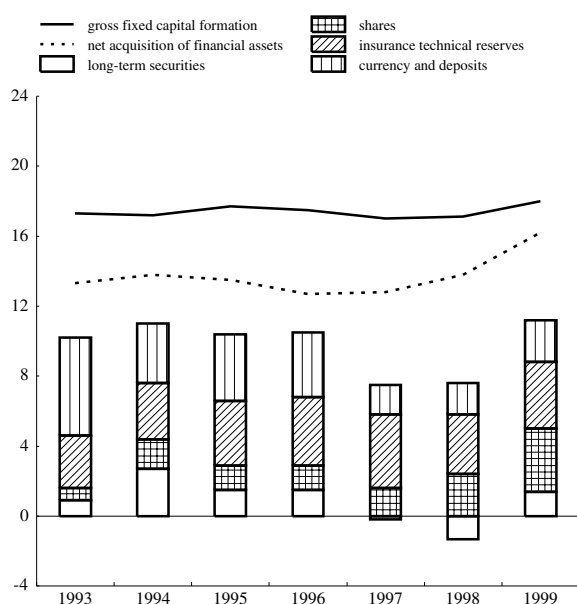
	Euro area saving and investment ¹⁾			Investment of private non-financial sectors ¹⁾²⁾							
	Gross saving	Gross fixed capital formation	Net lending to the rest of the world	Gross fixed capital formation	Non-financial corporations	Net acquisition of financial assets	Currency and deposits	Securities other than shares	Long-term securities	Shares	Insurance technical reserves
1992	21.4	22.9	-0.9	18.9	12.0	13.5	4.0	1.6	0.4	1.4	2.9
1993	20.5	20.9	0.5	17.3	10.5	13.3	5.6	0.5	0.9	0.7	3.0
1994	21.0	20.6	0.2	17.2	10.3	13.8	3.4	2.5	2.7	1.7	3.2
1995	22.3	21.1	0.4	17.7	10.8	13.5	3.8	1.8	1.5	1.4	3.7
1996	22.0	20.8	0.9	17.5	10.7	12.7	3.7	0.4	1.5	1.4	3.9
1997	22.5	20.3	1.4	17.0	10.6	12.8	1.7	-0.5	-0.2	1.6	4.2
1998	22.5	20.4	1.0	17.1	10.8	13.8	1.8	-2.2	-1.3	2.4	3.4
1999	22.2	21.3	0.1	18.0	11.8	16.2	2.4	1.4	1.4	3.6	3.8

	Financing of private non-financial sectors ¹⁾²⁾									Net financial investment ³⁾	Financial investment as a % of gross investment ⁴⁾	Net incurrence of liabilities as a % of financing ⁵⁾
	Gross saving	Households	Net incurrence of liabilities	Securities other than shares	Long-term securities	Shares	Loans	Long-term loans	Net financial investment ³⁾			
1992	20.9	12.9	10.2	0.7	0.6	1.4	6.7	4.7	3.3	41.7	32.8	
1993	20.6	12.5	7.9	1.3	1.4	1.5	3.6	4.4	5.4	43.5	27.7	
1994	20.7	11.7	9.6	1.0	1.1	1.8	3.9	4.0	4.2	44.5	31.7	
1995	21.7	12.0	7.1	-1.8	-1.8	1.4	4.7	3.2	6.4	43.3	24.7	
1996	21.3	11.8	8.5	0.2	0.0	1.7	5.5	4.5	4.2	42.1	28.5	
1997	20.4	10.5	9.1	0.1	0.1	1.4	5.9	4.5	3.7	43.0	30.8	
1998	19.1	10.0	11.3	0.3	0.2	2.5	6.8	4.9	2.5	44.7	37.2	
1999	17.7	9.7	14.6	0.9	0.4	1.9	9.4	7.0	1.6	47.4	45.2	

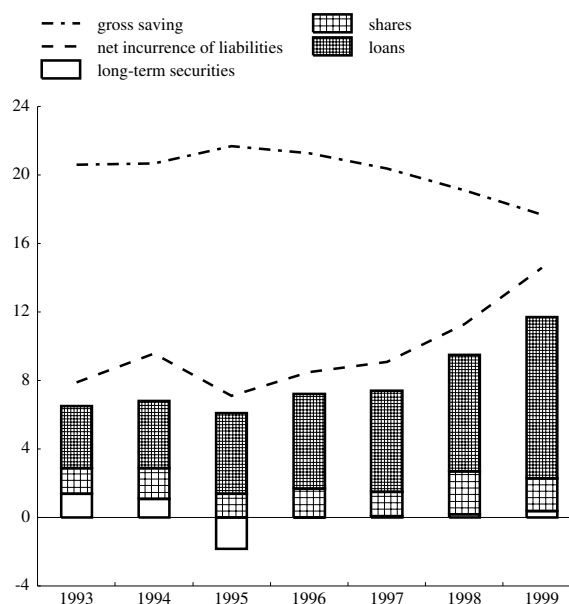
Investment and financing of private non-financial sectors ¹⁾²⁾

(as a percentage of GDP)

Investment



Financing



Source: ECB.

1) Selected items of investment and financing.

2) Private non-financial sectors comprise non-financial corporations, households and non-profit institutions serving households.

3) Column 6 - column 14.

4) Column 6 ÷ (column 4 + column 6).

5) Column 14 ÷ (column 12 + column 14).

7 General government fiscal position in the euro area and in the euro area countries

Table 7.1

Revenue, expenditure and deficit / surplus ¹⁾

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue	Direct taxes			Indirect taxes	Received by EU institutions	Social contributions			Sales	Capital revenue	Capital taxes	Memo: fiscal burden ²⁾
			Households	Corporations				Employers	Employees					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	46.3	46.0	11.8	9.5	2.2	13.0	0.9	16.7	8.5	5.3	2.3	0.3	0.2	41.8
1992	47.5	46.8	11.9	9.8	2.0	13.0	0.9	17.1	8.6	5.5	2.4	0.7	0.6	42.6
1993	48.3	47.8	12.1	10.0	2.1	13.3	0.8	17.5	8.7	5.7	2.4	0.5	0.3	43.2
1994	47.7	47.3	11.6	9.6	2.0	13.5	0.8	17.5	8.5	5.7	2.4	0.4	0.2	42.8
1995	47.2	46.6	11.6	9.5	2.0	13.3	0.9	17.3	8.4	5.7	2.5	0.5	0.3	42.6
1996	48.0	47.5	12.0	9.6	2.3	13.4	0.8	17.6	8.7	5.7	2.5	0.5	0.3	43.3
1997	48.3	47.6	12.2	9.6	2.6	13.6	0.7	17.5	8.7	5.7	2.5	0.7	0.4	43.7
1998	47.8	47.3	12.4	9.9	2.4	14.2	0.7	16.5	8.5	5.1	2.4	0.5	0.3	43.4
1999	48.4	47.9	12.9	10.1	2.6	14.4	0.6	16.4	8.5	5.0	2.4	0.5	0.3	44.0

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure	Investment	Capital transfers	Paid by EU institutions	Memo: primary expenditure ⁴⁾
		Total	Compensation of employees	Inter-mediate consumption	Interest	Current transfers	Social payments ³⁾	Subsidies	Paid by EU institutions					
1991	50.8	45.9	11.2	5.4	5.1	24.2	20.4	2.4	0.6	4.8	3.3	1.6	0.0	45.7
1992	52.1	47.4	11.4	5.5	5.6	24.9	21.4	2.3	0.5	4.7	3.2	1.5	0.0	46.6
1993	53.8	49.1	11.6	5.7	5.8	26.0	22.3	2.5	0.6	4.7	3.1	1.7	0.1	48.0
1994	52.7	48.3	11.3	5.4	5.5	26.0	22.4	2.4	0.6	4.4	2.9	1.5	0.0	47.2
1995	52.2	47.7	11.2	5.3	5.7	25.6	22.3	2.2	0.6	4.5	2.7	1.8	0.1	46.5
1996	52.3	48.3	11.2	5.3	5.7	26.1	22.8	2.2	0.6	4.0	2.6	1.4	0.0	46.6
1997	50.9	47.1	11.0	5.3	5.1	25.7	22.6	2.1	0.5	3.7	2.4	1.3	0.1	45.8
1998	50.0	46.1	10.7	5.2	4.7	25.5	22.2	2.1	0.5	3.9	2.4	1.4	0.1	45.3
1999	49.7	45.7	10.7	5.3	4.3	25.5	22.2	2.1	0.5	4.1	2.5	1.5	0.1	45.5

3. Euro area – deficit / surplus, primary deficit / surplus and government consumption

	Deficit (-) / surplus (+)					Primary deficit (-) / surplus (+) ⁵⁾	Government consumption ⁶⁾							
	Total	Central government	State government	Local government	Social security funds		Total	Compensation of employees	Inter-mediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Government collective consumption	Government individual consumption
1991	-4.4	-4.2	-0.3	-0.1	0.3	0.7	20.2	11.2	5.4	4.5	1.7	-2.3	8.8	11.5
1992	-4.6	-4.0	-0.3	-0.2	-0.1	0.9	20.7	11.4	5.5	4.7	1.7	-2.4	8.9	11.8
1993	-5.5	-4.9	-0.5	-0.2	-0.1	0.3	21.2	11.6	5.7	4.8	1.8	-2.4	9.1	12.1
1994	-5.0	-4.3	-0.5	-0.2	0.0	0.5	20.8	11.3	5.4	4.9	1.7	-2.4	8.8	12.0
1995	-5.0	-4.1	-0.5	-0.1	-0.3	0.7	20.5	11.2	5.3	5.0	1.8	-2.5	8.5	11.9
1996	-4.3	-3.6	-0.4	0.0	-0.2	1.4	20.6	11.2	5.3	5.0	1.8	-2.5	8.6	12.0
1997	-2.6	-2.3	-0.4	0.1	0.0	2.5	20.3	11.0	5.3	5.0	1.8	-2.5	8.4	11.9
1998	-2.1	-2.1	-0.3	0.2	0.1	2.5	20.0	10.7	5.2	4.9	1.7	-2.4	8.2	11.8
1999	-1.3	-1.6	-0.1	0.2	0.3	3.0	20.0	10.7	5.3	5.0	1.7	-2.4	8.2	11.8

4. Euro area countries – deficit (-) / surplus (+)

	BE	DE	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11
1996	-3.8	-3.4	-5.0	-4.1	-0.2	-7.1	2.6	-1.8	-3.8	-4.0	-3.2
1997	-1.9	-2.7	-3.2	-3.0	0.7	-2.7	3.4	-1.1	-1.7	-2.6	-1.5
1998	-0.9	-2.1	-2.6	-2.7	2.1	-2.8	3.7	-0.7	-2.3	-2.3	1.3
1999	-0.7	-1.4	-1.1	-1.8	1.9	-1.9	4.4	1.0	-2.1	-2.0	1.9

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' deficit / surplus.

- 1) Revenue, expenditure and deficit / surplus based on the ESA 95. Transactions between countries and EU institutions are included and consolidated. Transactions among governments are not consolidated.
- 2) The fiscal burden comprises taxes and social contributions.
- 3) Comprises social benefits, social transfers in kind via market producers and transfers to non-profit institutions serving households.
- 4) Comprises total expenditure minus interest expenditure.
- 5) Comprises total deficit / surplus excluding interest expenditure.
- 6) Corresponds to final consumption expenditure (P.3) of the general government in the ESA 95.

Table 7.2**Debt ¹⁾***(as a percentage of GDP)***1. Euro area – government debt by financial instrument and sector of the holder**

	Total	Financial instrument				Holder				
		Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors ²⁾				Other creditors ³⁾
						Total	MFIs	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
1991	57.3	2.6	15.8	8.4	30.5	48.0	24.8	7.4	15.8	9.3
1992	60.8	2.6	16.5	8.7	33.0	50.1	26.5	7.7	16.0	10.7
1993	67.2	2.7	17.4	8.2	38.9	52.5	27.8	8.8	15.9	14.7
1994	69.8	2.9	16.5	8.4	42.1	56.0	30.2	9.7	16.1	13.8
1995	74.0	2.9	18.0	7.7	45.3	58.5	30.9	10.8	16.7	15.5
1996	75.2	2.9	17.5	7.6	47.1	59.1	30.6	13.1	15.4	16.1
1997	74.6	2.9	16.8	6.4	48.5	57.0	29.5	14.4	13.1	17.5
1998	72.9	2.8	15.6	5.5	49.0	53.5	27.5	16.0	10.0	19.4
1999	72.0	2.9	14.6	4.4	50.1	51.1	26.1	16.4	8.6	20.9

2. Euro area – government debt by issuer, maturity and currency denomination

	Total	Issued by ⁴⁾				Original maturity			Residual maturity			Currency		
		Central government	State government	Local government	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currency ⁵⁾	Non-domestic currency	Other currencies
1991	57.3	46.1	4.7	6.3	0.3	11.7	45.6	4.7	17.4	18.2	21.7	56.2	1.7	1.1
1992	60.8	49.2	4.8	6.3	0.4	12.1	48.7	6.3	17.8	20.7	22.3	59.5	2.1	1.3
1993	67.2	54.8	5.3	6.5	0.6	12.0	55.3	6.6	18.6	23.9	24.7	65.5	2.7	1.7
1994	69.8	57.3	5.5	6.4	0.7	11.2	58.6	7.3	16.8	26.2	26.9	67.9	2.7	1.9
1995	74.0	61.2	5.7	6.3	0.8	10.7	63.3	6.7	17.7	26.0	30.3	72.1	2.6	1.9
1996	75.2	62.4	6.1	6.2	0.5	10.3	64.9	6.2	19.2	25.1	31.0	73.2	2.4	2.0
1997	74.6	61.8	6.3	5.9	0.6	8.9	65.7	5.9	18.6	25.1	30.9	72.5	2.4	2.0
1998	72.9	60.7	6.3	5.7	0.3	7.7	65.2	5.4	16.5	25.7	30.7	71.2	2.8	1.8
1999	72.0	60.0	6.2	5.5	0.3	6.9	65.1	4.9	15.6	25.7	30.8	70.2	0.0	1.9

3. Euro area countries – government debt

	BE	DE	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11
1996	130.9	59.8	68.2	57.1	74.3	122.1	6.2	75.2	69.1	62.7	57.1
1997	125.4	60.9	66.9	59.3	65.1	119.8	6.0	70.0	64.5	59.4	54.1
1998	119.6	60.7	65.1	59.7	55.0	116.2	6.4	66.6	64.0	55.7	48.7
1999	116.1	61.1	63.7	58.9	50.1	115.1	6.0	62.9	65.2	55.8	46.6

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' debt.

1) General government gross consolidated debt at nominal value at the end of the year. Holdings by other governments are not consolidated.

2) Holders resident in the country whose government has issued the debt.

3) Includes residents of euro area countries other than the country whose government has issued the debt.

4) Excludes debt held by general government in the country whose government has issued it.

5) Before 1999, comprises debt in ECU, in domestic currency and in the currencies of other Member States which have adopted the euro.

Table 7.3**Change in debt ¹⁾***(as a percentage of GDP)***1. Euro area – change in government debt by source, financial instrument and sector of the holder**

	Total	Source of change				Financial instrument				Holder			
		Borrowing requirement ²⁾	Valuation effects ³⁾	Other changes in volume ⁴⁾	Aggregation effect ⁵⁾	Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors ⁶⁾	MFIs	Other financial corporations	Other creditors ⁷⁾
1991	5.0	5.0	0.0	0.2	-0.2	0.1	1.2	-0.1	3.7
1992	6.6	5.6	0.3	0.7	-0.1	0.1	1.5	0.8	4.1	4.7	3.1	0.7	1.8
1993	7.9	7.6	0.3	0.1	-0.1	0.2	1.3	-0.3	6.8	3.6	1.9	1.3	4.3
1994	5.8	5.1	0.2	0.7	-0.1	0.4	-0.1	0.6	5.1	6.1	3.8	1.3	-0.2
1995	7.6	5.6	0.2	2.2	-0.3	0.2	2.4	-0.3	5.3	5.2	2.2	1.6	2.4
1996	3.7	4.2	-0.2	0.1	-0.4	0.1	0.1	0.2	3.3	2.6	0.8	2.6	1.1
1997	2.2	2.3	0.2	-0.2	-0.1	0.0	-0.1	-0.9	3.2	0.1	0.0	1.9	2.0
1998	1.5	1.8	-0.2	0.0	-0.1	0.1	-0.4	-0.7	2.6	-1.1	-0.7	2.2	2.6
1999	1.6	1.3	0.3	0.0	0.0	0.2	-0.4	-0.9	2.7	-0.6	-0.5	0.9	2.2

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment ⁸⁾												
			Total	Transactions in main financial assets held by general government								Valuation effects	Exchange rate effects	Other changes in volume	Other ¹⁰⁾
				Total	Currency and deposits	Securities ⁹⁾	Loans	Shares and other equity	Privatisations	Equity injections					
											4					5	6	7	8	9	10
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
1991	5.0	-4.4	0.6	1.0	0.3	0.1	0.4	0.2	-0.1	0.2	0.0	0.1	0.2	-0.7	
1992	6.6	-4.6	2.0	0.8	0.2	0.1	0.3	0.1	-0.1	0.2	0.3	0.3	0.7	0.2	
1993	7.9	-5.5	2.4	1.6	1.0	0.2	0.4	0.0	-0.2	0.2	0.3	0.3	0.1	0.4	
1994	5.8	-5.0	0.8	0.3	0.0	0.1	0.3	-0.1	-0.4	0.2	0.2	0.0	0.7	-0.3	
1995	7.6	-5.0	2.6	0.6	0.0	-0.1	0.5	0.1	-0.4	0.3	0.2	0.0	2.2	-0.4	
1996	3.7	-4.3	-0.6	-0.1	-0.1	0.0	0.0	0.0	-0.3	0.2	-0.2	-0.2	0.1	-0.5	
1997	2.2	-2.6	-0.4	-0.5	0.1	-0.1	-0.1	-0.4	-0.8	0.3	0.2	0.2	-0.2	0.1	
1998	1.5	-2.1	-0.6	-0.3	0.3	0.0	0.0	-0.5	-0.8	0.3	-0.2	0.0	0.0	-0.2	
1999	1.6	-1.3	0.3	0.1	0.4	0.1	0.1	-0.4	-0.9	0.3	0.3	0.2	0.0	-0.1	

Source: ECB.

1) Annual change in gross nominal consolidated debt expressed as a percentage of GDP [$debt(t) - debt(t-1) \div GDP(t)$].

2) The borrowing requirement is by definition equal to transactions in government debt.

3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).

4) Comprises, in particular, the impact of the reclassification of units and certain types of debt assumption.

5) The difference between the changes in the aggregated debt, resulting from the aggregation of countries' debt, and the aggregation of countries' change in debt, due to variations in exchange rates before 1999.

6) Holders resident in the country whose government has issued the debt.

7) Includes residents of euro area countries other than the country whose government has issued the debt.

8) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.

9) Excluding financial derivatives.

10) Comprises mainly transactions in other assets and liabilities (trade credit, other receivables/payables and financial derivatives).

8 Balance of payments and international investment position of the euro area (including reserves)

Table 8.1

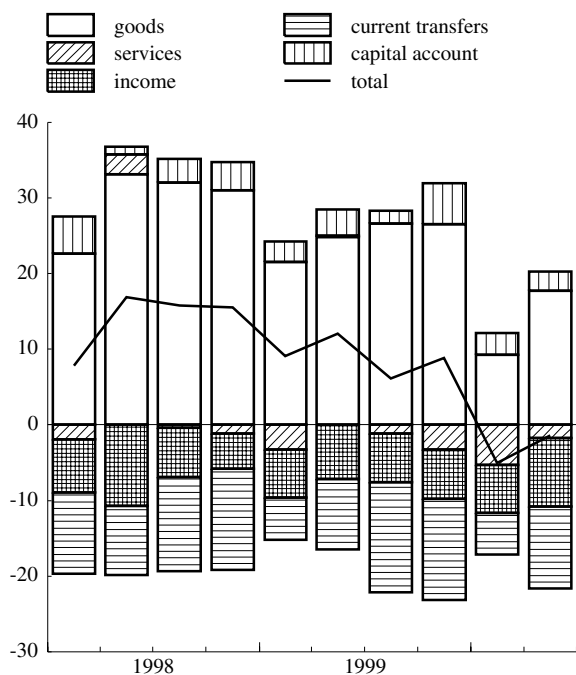
Summary balance of payments ^{1) 2)}

(EUR billions (ECU billions to end-1998); net flows)

	Current account					Capital account	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers		Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1997	76.2	124.8	7.1	-15.2	-40.5	13.1	.	-48.1	-22.8	.	.	.	.
1998	43.3	118.8	-0.9	-28.8	-45.8	12.7	-69.1	-102.6	-85.3	-8.2	118.5	8.5	13.1
1999	22.8	99.5	-7.5	-26.4	-42.8	13.3	-64.3	-138.8	-28.9	-1.0	90.8	13.7	28.2
1999 Q2	8.6	24.8	0.2	-7.1	-9.3	3.4	-28.3	-52.6	-7.0	-0.6	25.3	6.6	16.2
Q3	4.5	26.6	-1.1	-6.4	-14.6	1.7	-6.7	-23.3	29.8	1.5	-16.1	1.4	0.5
Q4	3.4	26.5	-3.3	-6.5	-13.4	5.5	3.8	-47.3	3.0	-0.5	48.5	0.2	-12.6
2000 Q1	-7.9	9.3	-5.3	-6.3	-5.5	2.8	47.8	148.0	-192.6	2.5	91.3	-1.4	-42.7
Q2	-3.9	17.7	-1.7	-9.0	-10.9	2.5	-3.8	-19.4	30.4	3.9	-23.6	4.9	5.2
1999 Apr.	4.8	8.0	-0.4	0.1	-2.9	0.5	-5.1	-14.6	13.6	3.5	-9.3	1.8	-0.2
May	-1.5	5.9	0.7	-4.9	-3.2	1.4	-11.0	-19.1	-28.5	-3.9	37.0	3.5	11.1
June	5.4	11.0	-0.1	-2.3	-3.2	1.4	-12.2	-18.9	7.9	-0.1	-2.3	1.3	5.4
July	6.4	14.6	-0.1	-3.6	-4.5	0.7	-24.4	-9.8	-3.2	0.8	-11.5	-0.8	17.3
Aug.	1.3	6.5	-0.5	0.1	-4.8	0.6	27.2	-7.2	12.0	1.9	20.0	0.5	-29.0
Sep.	-3.2	5.6	-0.6	-2.9	-5.2	0.4	-9.5	-6.3	20.9	-1.2	-24.6	1.7	12.3
Oct.	2.2	10.5	-0.2	-3.9	-4.1	1.5	14.7	-7.3	-13.5	-1.8	37.2	0.1	-18.4
Nov.	1.6	8.4	-1.8	-0.7	-4.3	1.1	-4.5	-19.4	13.6	1.6	-1.0	0.6	1.8
Dec.	-0.5	7.7	-1.3	-1.9	-5.0	2.8	-6.3	-20.6	2.9	-0.3	12.2	-0.5	3.9
2000 Jan.	-9.0	-0.5	-2.1	-5.0	-1.3	1.4	19.2	0.8	-5.3	-0.8	26.7	-2.2	-11.6
Feb.	0.0	4.2	-2.1	-1.0	-1.2	0.1	-1.9	146.0	-152.9	1.9	2.8	0.3	1.8
Mar.	1.2	5.6	-1.1	-0.3	-3.0	1.3	30.5	1.1	-34.4	1.4	61.8	0.5	-32.9
Apr.	-3.2	6.0	-1.2	-3.9	-4.0	1.5	5.0	-6.2	-7.9	2.1	16.8	0.2	-3.4
May	-0.6	5.0	-0.2	-2.8	-2.6	0.6	7.0	-10.7	-5.1	0.3	21.2	1.3	-7.0
June	-0.1	6.8	-0.3	-2.3	-4.3	0.4	-15.8	-2.5	43.3	1.5	-61.6	3.4	15.6

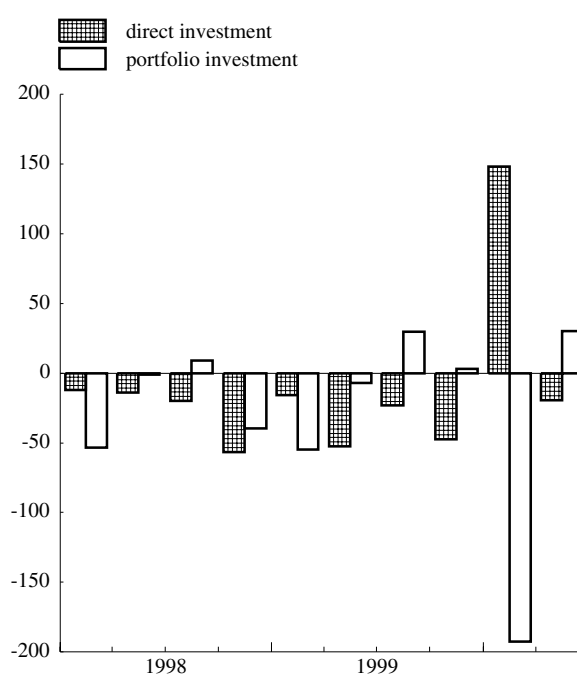
Current and capital accounts

(EUR billions (ECU billions to end-1998); net flows)



Direct and portfolio investment

(EUR billions (ECU billions to end-1998); net flows)



Source: ECB.

1) Inflows (+); outflows (-). Reserve assets: increase (-); decrease (+).

2) For the comparability of recent and some earlier data, see the general notes.

Table 8.2**Balance of payments: current and capital accounts ¹⁾***(EUR billions (ECU billions to end-1998); gross flows)*

	Current account										Capital account	
	Total		Goods		Services		Income		Current transfers		Credit 11	Debit 12
	Credit 1	Debit 2	Credit 3	Debit 4	Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10		
1997	1,212.2	1,136.0	744.1	619.3	217.9	210.8	189.5	204.7	60.7	101.1	18.9	5.8
1998	1,264.0	1,220.6	772.4	653.6	232.0	232.8	198.5	227.3	61.1	106.9	17.8	5.1
1999	1,303.8	1,280.9	796.0	696.5	236.0	243.5	205.0	231.4	66.8	109.6	19.6	6.3
1999 Q2	325.2	316.6	193.1	168.2	59.3	59.1	58.0	65.1	14.8	24.2	4.6	1.2
Q3	323.2	318.7	199.9	173.2	62.5	63.6	47.9	54.4	12.9	27.5	3.1	1.5
Q4	354.7	351.3	223.4	196.9	63.6	66.8	52.5	59.0	15.3	28.6	7.5	2.0
2000 Q1	359.5	367.4	221.2	211.9	58.5	63.8	54.7	61.0	25.2	30.7	4.3	1.4
Q2	380.8	384.7	238.3	220.5	64.9	66.6	62.4	71.4	15.3	26.2	4.0	1.5
1999 Apr.	105.8	101.0	63.3	55.3	18.5	18.9	19.1	19.1	4.9	7.8	1.0	0.4
May	102.6	104.2	60.7	54.9	19.2	18.5	17.3	22.2	5.4	8.6	1.8	0.3
June	116.8	111.4	69.1	58.1	21.6	21.7	21.6	23.8	4.6	7.8	1.9	0.5
July	115.9	109.4	72.8	58.2	22.7	22.8	15.7	19.3	4.6	9.1	1.3	0.6
Aug.	98.3	97.0	58.8	52.3	19.1	19.6	16.2	16.1	4.2	9.0	1.0	0.4
Sep.	109.0	112.2	68.2	62.7	20.6	21.2	16.1	19.0	4.1	9.4	0.8	0.5
Oct.	115.7	113.5	74.0	63.5	20.9	21.1	15.9	19.8	4.9	9.1	2.0	0.5
Nov.	117.6	116.0	75.3	66.9	20.5	22.3	17.1	17.8	4.7	9.0	1.8	0.7
Dec.	121.3	121.8	74.1	66.4	22.2	23.4	19.5	21.4	5.6	10.6	3.7	0.8
2000 Jan.	111.9	121.0	64.5	65.0	18.2	20.4	16.4	21.4	12.9	14.2	1.9	0.5
Feb.	115.8	115.8	72.9	68.7	18.6	20.7	17.4	18.4	6.8	8.0	0.5	0.4
Mar.	131.8	130.6	83.8	78.2	21.7	22.8	20.9	21.1	5.5	8.5	1.8	0.5
Apr.	115.9	119.1	72.3	66.3	20.0	21.2	18.7	22.6	4.8	8.9	2.1	0.5
May	133.7	134.4	83.4	78.4	22.0	22.2	21.9	24.7	6.5	9.0	1.1	0.5
June	131.2	131.3	82.5	75.7	22.8	23.2	21.8	24.1	4.0	8.3	0.8	0.4

Source: ECB.

¹⁾ For the comparability of recent and some earlier data, see the general notes.

Table 8.3**Balance of payments: income account***(EUR billions; gross flows)*

	Total		Compensation of employees		Investment income							
	Credit 1	Debit 2	Credit 3	Debit 4	Total		Direct investment		Portfolio investment		Other investment	
					Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1999	205.0	231.4	9.6	4.9	195.4	226.5	42.4	38.4	61.9	98.5	91.1	89.7
1999 Q1	46.6	53.0	2.3	0.9	44.4	52.1	7.8	8.8	13.6	21.7	23.0	21.6
Q2	58.0	65.1	2.3	1.3	55.7	63.8	12.7	8.1	17.4	31.4	25.5	24.3
Q3	47.9	54.4	2.3	1.4	45.6	53.0	9.5	9.8	15.7	22.4	20.4	20.7
Q4	52.5	59.0	2.7	1.3	49.7	57.6	12.4	11.6	15.2	23.0	22.2	23.0
2000 Q1	54.7	61.0	3.1	1.1	51.5	59.9	13.3	13.5	13.5	21.7	24.8	24.7

	Income on direct investment				Income on portfolio investment							
	Equity		Debt		Equity		Debt instruments					
	Credit 13	Debit 14	Credit 15	Debit 16	Credit 17	Debit 18	Total		Bonds and notes		Money market instruments	
							Credit 19	Debit 20	Credit 21	Debit 22	Credit 23	Debit 24
1999	37.4	33.8	5.0	4.6	9.7	27.3	52.2	71.2	49.9	70.2	2.3	1.0
1999 Q1	6.9	8.0	0.9	0.9	1.6	3.7	12.0	18.0	11.6	17.3	0.5	0.7
Q2	11.5	7.0	1.2	1.1	3.3	12.8	14.1	18.6	13.5	18.1	0.6	0.5
Q3	8.2	8.6	1.3	1.2	2.4	4.9	13.3	17.5	12.7	17.7	0.6	-0.2
Q4	10.7	10.2	1.7	1.4	2.4	5.8	12.8	17.2	12.1	17.2	0.7	0.0
2000 Q1	11.0	12.0	2.3	1.5	1.9	5.8	11.6	15.9	11.0	16.0	0.6	-0.1

Source: ECB.

Table 8.4**Balance of payments: direct investment account ¹⁾***(EUR billions (ECU billions to end-1998); net flows)*

	Abroad			In the euro area		
	Total 1	Equity capital and reinvested earnings 2	Other capital, mostly intercompany loans 3	Total 4	Equity capital and reinvested earnings 5	Other capital, mostly intercompany loans 6
1997	-93.4	.	.	45.3	.	.
1998	-183.0	.	.	80.4	.	.
1999	-212.9	.	.	74.1	.	.
1999 Q2	-76.9	.	.	24.3	.	.
Q3	-26.9	.	.	3.6	.	.
Q4	-72.7	-61.6	-11.2	25.4	8.0	17.4
2000 Q1	-63.3	-33.2	-30.1	211.3	191.3	20.0
Q2	-65.0	-36.1	-28.9	45.6	18.2	27.4
1999 Apr.	-23.3	.	.	8.7	.	.
May	-28.3	.	.	9.1	.	.
June	-25.3	.	.	6.4	.	.
July	-3.6	.	.	-6.2	.	.
Aug.	-12.8	.	.	5.6	.	.
Sep.	-10.5	.	.	4.3	.	.
Oct.	-15.2	-14.9	-0.3	7.8	1.1	6.7
Nov.	-22.4	-10.5	-11.8	3.0	2.5	0.4
Dec.	-35.2	-36.1	1.0	14.6	4.4	10.2
2000 Jan.	-7.0	-6.4	-0.5	7.8	7.4	0.4
Feb.	-20.1	-13.6	-6.5	166.1	159.1	7.1
Mar.	-36.2	-13.1	-23.1	37.3	24.8	12.6
Apr.	-18.6	-8.5	-10.1	12.4	6.3	6.1
May	-35.6	-15.1	-20.5	24.9	8.9	16.0
June	-10.9	-12.5	1.7	8.4	3.1	5.4

Source: ECB.

1) Inflows (+); outflows (-).

Table 8.5**Balance of payments: portfolio investment account ¹⁾***(EUR billions (ECU billions to end-1998); net flows)***1. By instrument ²⁾**

	Total		Equity		Debt instruments					
	Assets	Liabilities	Assets	Liabilities	Assets			Liabilities		
					Total	Bonds and notes	Money market instruments	Total	Bonds and notes	Money market instruments
1	2	3	4	5	6	7	8	9	10	
1998	-302.1	216.8	-98.7	98.3	-203.3	-187.1	-16.3	118.5	102.7	15.8
1999	-316.5	287.5	-153.7	97.7	-162.7	-149.0	-13.8	189.8	119.2	70.6
1999 Q2	-85.6	78.6	-40.9	31.3	-44.7	-52.5	7.8	47.3	33.7	13.7
Q3	-64.3	94.1	-37.2	27.1	-27.0	-21.0	-6.1	67.0	42.3	24.7
Q4	-101.2	104.2	-53.9	44.8	-47.3	-31.7	-15.7	59.4	40.4	19.1
2000 Q1	-153.9	-38.8	-116.9	-105.7	-37.0	-38.6	1.6	67.0	46.8	20.2
Q2	-88.5	118.9	-57.5	39.3	-31.0	-20.9	-10.2	79.6	51.0	28.5
1999 Apr.	-22.2	35.8	-11.7	8.2	-10.5	-14.8	4.3	27.6	27.7	-0.1
May	-37.9	9.4	-15.7	10.8	-22.2	-23.3	1.1	-1.4	-9.2	7.8
June	-25.5	33.4	-13.5	12.3	-12.0	-14.4	2.4	21.1	15.2	5.9
July	-22.0	18.8	-9.8	11.0	-12.2	-11.8	-0.3	7.8	0.4	7.4
Aug.	-22.8	34.8	-14.8	5.5	-8.0	-6.5	-1.5	29.3	21.8	7.5
Sep.	-19.5	40.4	-12.6	10.5	-6.9	-2.7	-4.2	29.9	20.1	9.8
Oct.	-24.2	10.8	-13.2	10.2	-11.1	-5.4	-5.6	0.6	1.5	-0.9
Nov.	-35.4	49.0	-18.3	16.1	-17.1	-12.2	-4.9	32.9	32.7	0.2
Dec.	-41.5	44.4	-22.4	18.5	-19.1	-14.0	-5.1	25.9	6.2	19.7
2000 Jan.	-23.5	18.2	-21.8	7.2	-1.7	-8.8	7.1	11.0	11.8	-0.9
Feb.	-87.2	-65.7	-68.7	-92.5	-18.6	-15.7	-2.8	26.9	12.8	14.1
Mar.	-43.2	8.7	-26.5	-20.4	-16.7	-14.1	-2.6	29.1	22.2	6.9
Apr.	-25.8	17.9	-18.2	-4.7	-7.6	-4.7	-2.8	22.6	13.9	8.7
May	-29.7	24.6	-18.0	4.1	-11.7	-8.6	-3.1	20.5	15.4	5.1
June	-33.0	76.3	-21.3	39.9	-11.8	-7.5	-4.2	36.5	21.8	14.7

2. Assets by instrument and sector of holder

	Equity				Debt instruments							
	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Bonds and notes				Money market instruments			
					Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors
1	2	3	4	5	6	7	8	9	10	11	12	
1999	0.1	-2.0	3.3	-155.1	0.7	-1.6	-17.7	-130.4	0.6	-0.1	-8.0	-6.2
1999 Q1	0.1	-0.4	1.1	-22.5	0.1	-0.4	5.1	-48.6	1.4	-0.2	-1.1	0.0
Q2	0.0	-0.3	-3.0	-37.7	0.8	-0.3	-10.5	-42.5	0.5	-0.5	1.1	6.6
Q3	0.0	-0.5	6.1	-42.9	0.1	-0.6	-4.4	-16.1	-1.0	0.4	-1.0	-4.4
Q4	-0.1	-0.9	-1.0	-51.9	-0.3	-0.3	-7.8	-23.3	-0.3	0.1	-7.0	-8.4
2000 Q1	0.0	-0.7	1.7	-117.9	-1.2	-0.1	-15.5	-21.7	1.2	0.1	3.2	-2.8

Source: ECB.

1) Inflows (+); outflows (-).

2) For the comparability of recent and some earlier data, see the general notes.

Table 8.6**Balance of payments: other investment account and reserve assets***(EUR billions (ECU billions to end-1998); net flows)***1. Other investment by sector ^{1) 2)}**

	Total		Eurosystem		General government		MFIs (excluding the Eurosystem)						Other sectors	
	Assets 1	Liabilities 2	Assets 3	Liabilities 4	Assets 5	Liabilities 6	Total		Long-term		Short-term		Assets 13	Liabilities 14
							Assets 7	Liabilities 8	Assets 9	Liabilities 10	Assets 11	Liabilities 12		
1998	-67.5	186.0	-0.7	3.5	-1.4	-7.7	-22.6	178.1	-34.2	34.8	11.6	143.3	-42.8	12.1
1999	-58.0	148.8	9.4	0.0	-0.7	-13.4	-24.8	137.4	-50.4	39.7	25.6	97.7	-41.9	24.7
1999 Q2	1.0	24.4	4.4	0.0	3.9	-2.9	8.2	19.4	-15.6	13.2	23.9	6.2	-15.6	7.8
Q3	-28.1	12.0	-0.3	0.0	-1.6	-2.4	-8.6	10.3	-14.3	8.1	5.7	2.2	-17.7	4.1
Q4	3.8	44.7	2.3	0.0	0.3	-3.9	-11.1	49.1	-6.5	11.3	-4.5	37.8	12.2	-0.5
2000 Q1	-84.0	175.3	-5.1	0.0	-6.0	-2.7	-30.0	163.1	-11.2	20.0	-18.8	143.1	-42.8	14.9
Q2	-11.3	-12.3	3.0	0.0	2.7	0.8	-11.8	-22.0	-4.1	6.6	-7.7	-28.6	-5.2	8.8
1999 Apr.	10.5	-19.8	0.4	0.0	-0.2	0.3	15.0	-20.8	-4.7	2.7	19.7	-23.5	-4.8	0.7
May	-10.7	47.6	3.1	0.0	1.0	-0.9	-13.4	50.4	-3.9	6.1	-9.5	44.3	-1.4	-1.9
June	1.1	-3.5	0.9	0.0	3.0	-2.3	6.6	-10.1	-7.1	4.5	13.7	-14.6	-9.4	9.0
July	-14.2	2.7	0.8	0.0	-1.7	-1.2	-8.2	0.4	-2.1	3.7	-6.0	-3.2	-5.1	3.5
Aug.	-5.1	25.1	-1.5	0.0	0.2	-0.1	-2.6	26.3	-5.4	0.1	2.8	26.2	-1.2	-1.1
Sep.	-8.8	-15.8	0.5	0.0	-0.1	-1.1	2.2	-16.4	-6.8	4.3	9.0	-20.7	-11.4	1.7
Oct.	-16.8	53.9	0.3	0.0	-1.1	-1.1	-20.8	51.1	-3.1	3.5	-17.7	47.5	4.9	4.0
Nov.	-71.8	70.8	-1.7	0.0	1.1	-1.8	-68.5	71.6	1.0	-0.4	-69.4	72.0	-2.7	1.0
Dec.	92.3	-80.1	3.8	0.0	0.3	-1.0	78.2	-73.6	-4.4	8.2	82.5	-81.8	10.0	-5.5
2000 Jan.	-21.0	47.7	0.1	0.0	-2.9	-1.0	-2.6	43.4	-3.9	6.2	1.4	37.2	-15.6	5.3
Feb.	-31.9	34.8	-1.8	0.0	-2.7	-0.3	-17.4	26.4	-4.9	7.7	-12.5	18.7	-10.0	8.6
Mar.	-31.0	92.9	-3.5	0.0	-0.4	-1.4	-10.0	93.3	-2.3	6.1	-7.7	87.2	-17.2	1.0
Apr.	-26.0	42.8	3.1	0.0	0.9	0.5	-27.9	41.8	-5.2	4.9	-22.7	36.9	-2.1	0.5
May	-12.2	33.4	-2.4	0.0	0.8	0.7	-7.0	25.7	0.5	-1.7	-7.5	27.4	-3.6	7.0
June	26.8	-88.5	2.3	0.0	0.9	-0.4	23.1	-89.4	0.6	3.4	22.5	-92.9	0.5	1.4

2. Other investment by sector and instrument ¹⁾**2.1. Eurosystem**

	Loans/currency and deposits			Other assets/liabilities			
	Assets 1	Liabilities 2	Balance 3	Assets 4	Liabilities 5	Balance 6	
1999		10.0	0.0	10.0	-0.7	0.0	-0.7
1999 Q1		3.6	0.0	3.6	-0.7	0.0	-0.7
Q2		4.3	0.0	4.3	0.1	0.0	0.1
Q3		-0.3	0.0	-0.3	0.0	0.0	0.0
Q4		2.4	0.0	2.4	0.0	0.0	0.0
2000 Q1		-5.1	0.0	-5.1	0.0	0.0	0.0

Source: ECB.

1) Inflows (+); outflows (-).

2) For the comparability of recent and some earlier data, see the general notes.

2.2. General government

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 7	Liabilities 8	Balance 9	Assets 10	Liabilities 11	Balance 12	Assets 13	Liabilities 14	Balance 15
1999	-0.3	0.0	-0.4	1.5	-13.1	-11.6	-1.9	-0.2	-2.1
1999 Q1	-0.2	0.0	-0.2	-2.9	-4.1	-7.0	-0.3	-0.1	-0.4
Q2	-0.1	0.0	-0.1	5.7	-2.7	3.0	-1.8	-0.2	-2.0
Q3	-0.1	0.0	-0.1	-1.2	-2.5	-3.7	-0.3	0.1	-0.2
Q4	-0.1	0.0	-0.1	-0.1	-3.9	-3.9	0.4	0.0	0.4
2000 Q1	0.0	0.0	0.0	-5.9	-2.3	-8.2	-0.1	-0.4	-0.5

2.3. MFIs (excluding the Eurosystem)

	Loans/currency and deposits			Other assets/liabilities		
	Assets 16	Liabilities 17	Balance 18	Assets 19	Liabilities 20	Balance 21
1999	-25.9	137.0	111.2	1.1	0.4	1.5
1999 Q1	-17.1	61.3	44.2	3.7	-2.7	1.0
Q2	9.1	18.4	27.4	-0.8	1.1	0.2
Q3	-6.8	9.8	3.0	-1.8	0.5	-1.3
Q4	-11.1	47.6	36.6	0.0	1.5	1.5
2000 Q1	-27.7	163.0	135.3	-2.2	0.1	-2.1

2.4. Other sectors

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 22	Liabilities 23	Balance 24	Assets 25	Liabilities 26	Balance 27	Assets 28	Liabilities 29	Balance 30
1999	-13.4	2.7	-10.8	-5.7	14.5	8.8	-22.8	7.5	-15.3
1999 Q1	-3.5	4.1	0.6	-11.8	3.4	-8.4	-5.5	5.8	0.2
Q2	-6.2	-2.9	-9.1	1.4	9.6	11.1	-10.8	1.0	-9.7
Q3	-2.9	-0.1	-3.0	-11.9	2.7	-9.2	-2.9	1.5	-1.4
Q4	-0.7	1.5	0.8	16.6	-1.2	15.4	-3.7	-0.8	-4.4
2000 Q1	-4.3	2.9	-1.4	-38.1	18.4	-19.8	-0.4	-6.4	-6.8

3. Reserve assets ¹⁾

	Total	Monetary gold	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims
					Total	Currency and deposits		Securities			Financial derivatives	
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instruments		
1	2	3	4	5	6	7	8	9	10	11	12	
1999	13.7	0.3	1.0	3.0	9.5	3.2	0.8	0.2	7.8	-2.4	-0.1	0.0
1999 Q1	5.5	0.0	2.5	0.0	3.3	1.5	3.0	0.0	1.3	-2.5	0.0	-0.3
Q2	6.6	0.0	-1.1	0.8	6.8	-4.6	-2.4	0.0	11.0	2.8	0.0	0.1
Q3	1.4	0.0	0.2	1.9	-0.9	5.3	-2.7	0.2	-3.2	-0.5	0.0	0.2
Q4	0.2	0.3	-0.7	0.3	0.4	0.9	3.0	0.0	-1.3	-2.2	-0.1	-0.1
2000 Q1	-1.4	0.7	0.2	0.2	-2.8	2.3	-4.5	0.0	2.6	-3.1	0.0	0.2

Source: ECB.

1) Increase (-); decrease (+).

Table 8.7**International investment position and reserve assets outstanding****1. Net international investment position ¹⁾***(EUR billions (ECU billions in 1997); assets minus liabilities; end-of-period positions)*

	Total	Direct investment			Portfolio investment					Financial derivatives	Other investment				Reserve assets
		Total	Equity (including reinvested earnings)	Other capital	Total	Equity securities	Debt instruments				Total	Trade credits	Loans/currency and deposits	Other assets/liabilities	
							Total	Bonds and notes	Money market instruments						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1997	42.2	114.4	129.9	-15.5	-599.6	-361.8	-237.8	-210.7	-27.0	-5.7	169.8	80.0	0.4	89.3	363.3
1998	-132.4	164.6	175.4	-10.8	-609.1	-475.5	-133.6	-125.5	-8.2	-3.6	-13.8	86.5	-172.2	71.9	329.4

Source: ECB.

1) For the comparability of recent and some earlier data, see the general notes.

2. Reserves and related assets of the Eurosystem ¹⁾

(EUR billions; end-of-period positions, unless otherwise indicated)

Reserve assets													Memo: related assets	
Total	Monetary gold	In fine troy ounces (millions)	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims	Claims on euro area residents denom- inated in foreign currency	
					Total	Currency and deposits		Securities			Financial deriva- tives			
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instru- ments				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1998 Dec.	²⁾ 329.4	99.6	404.131	5.1	23.4	199.8	12.5	18.3	0.0	116.7	52.4	0.0	1.5	7.6
1999 Dec.	372.4	116.4	402.758	4.5	24.2	225.2	-	-	-	-	-	0.0	2.0	14.4
2000 Jan.	³⁾ 378.1	116.2	401.639	4.3	24.4	231.4	-	-	-	-	-	0.2	1.9	14.7
Feb.	³⁾ 383.2	121.1	400.503	4.4	23.9	231.9	-	-	-	-	-	0.2	2.0	16.1
Mar.	385.4	116.0	400.503	4.4	24.8	238.9	-	-	-	-	-	0.2	1.2	17.0
Apr.	399.6	121.3	400.503	4.3	22.7	249.7	-	-	-	-	-	0.2	1.7	18.1
May	388.8	117.2	400.503	4.5	21.1	244.5	-	-	-	-	-	0.2	1.4	19.1
June	385.7	120.8	400.503	4.5	20.5	238.2	-	-	-	-	-	0.1	1.7	18.6
July	³⁾ 391.3	119.6	399.539	4.5	20.9	244.4	-	-	-	-	-	0.2	1.9	17.5

3. Reserves and related assets of the European Central Bank ⁴⁾

(EUR billions; end-of-period positions)

Reserve assets													Memo: related assets	
Total	Monetary gold	In fine troy ounces (millions)	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims	Claims on euro area residents denom- inated in foreign currency	
					Total	Currency and deposits		Securities			Financial deriva- tives			
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instru- ments				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1999 Dec.	49.3	6.9	24.030	0.0	0.0	41.0	-	-	-	-	-	0.0	1.4	2.6
2000 Jan.	50.0	7.0	24.030	0.0	0.0	41.7	-	-	-	-	-	0.0	1.3	3.2
Feb.	48.1	7.3	24.030	0.0	0.0	39.5	-	-	-	-	-	0.0	1.3	4.2
Mar.	49.8	7.0	24.030	0.0	0.0	42.0	-	-	-	-	-	0.0	0.9	4.3
Apr.	52.8	7.3	24.030	0.0	0.0	44.3	-	-	-	-	-	0.0	1.2	4.3
May	50.1	7.0	24.030	0.0	0.0	42.1	-	-	-	-	-	0.0	0.9	4.5
June	50.6	7.2	24.030	0.0	0.0	42.2	-	-	-	-	-	0.0	1.2	4.1
July	51.0	7.2	24.030	0.0	0.0	42.9	-	-	-	-	-	0.0	1.0	4.1

Source: ECB.

1) The figures are not fully comparable with those in Table 1.1 owing to differences in coverage and valuation.

2) Position as at 1 January 1999.

3) Changes in the gold holdings of the Eurosystem are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999.

4) Part of the Eurosystem's reserves.

9 External trade in goods of the euro area

Table 9

1. Exports ¹⁾

(EUR billions (ECU billions to end-1998); f.o.b. value)

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other	Export trade indices 1995 = 100		
									Value ²⁾	Volume ²⁾	Unit value
	1	2	3	4	5	6	7	8	9	10	11
1996	669.7	49.2	14.2	13.1	85.5	195.5	295.9	16.3	107.6	104.7	102.8
1997	762.8	52.8	16.3	14.4	99.0	216.6	342.8	20.9	122.5	115.9	105.7
1998	796.3	56.1	15.8	12.6	104.4	221.7	371.1	14.7	127.9	120.0	106.6
1999	829.8	55.2	16.3	13.5	113.6	224.2	383.0	23.9	133.3	122.3	109.0
1997 Q1	170.7	12.0	3.8	3.7	22.6	48.9	74.7	5.0	109.7	104.2	105.3
Q2	191.8	13.4	4.1	3.6	25.1	53.9	86.4	5.3	123.3	117.3	105.1
Q3	193.5	13.0	4.2	3.4	25.6	55.6	86.5	5.1	124.3	116.6	106.6
Q4	206.8	14.4	4.2	3.7	25.6	58.2	95.1	5.5	132.9	125.7	105.7
1998 Q1	194.5	13.8	4.2	3.4	26.7	54.7	88.0	3.7	125.0	115.9	107.8
Q2	204.5	14.6	3.9	3.3	27.0	56.6	95.5	3.7	131.4	123.1	106.8
Q3	195.9	13.5	3.9	3.0	25.8	55.3	91.0	3.6	125.9	118.2	106.5
Q4	201.4	14.2	3.8	2.9	25.0	55.1	96.7	3.7	129.4	122.8	105.4
1999 Q1	187.7	12.3	3.8	2.6	25.8	51.0	86.4	5.7	120.6	112.5	107.2
Q2	202.9	13.5	3.9	3.1	27.9	54.8	93.9	5.8	130.4	119.7	108.9
Q3	209.4	13.9	4.1	3.8	29.6	56.7	95.4	6.1	134.6	122.9	109.5
Q4	229.8	15.6	4.5	4.0	30.4	61.7	107.3	6.4	147.7	134.1	110.1
2000 Q1	228.9	13.6	4.8	4.8	32.2	62.0	105.0	6.5	147.1	128.4	114.5
Q2	243.6	.	.	.	.	.	.	.	156.6	.	.
1998 Jan.	58.6	4.3	1.3	1.2	8.4	16.3	26.0	1.2	112.9	104.8	107.7
Feb.	63.8	4.5	1.4	1.0	8.6	18.1	28.9	1.2	123.0	114.1	107.8
Mar.	72.1	5.0	1.5	1.2	9.6	20.3	33.1	1.3	139.0	128.7	108.0
Apr.	68.2	4.9	1.3	1.1	9.2	19.0	31.3	1.3	131.4	122.9	106.9
May	65.9	4.8	1.3	1.1	8.7	18.3	30.7	1.2	127.1	118.9	106.9
June	70.5	4.9	1.3	1.1	9.1	19.3	33.5	1.2	135.9	127.3	106.7
July	73.0	4.8	1.3	1.1	9.3	21.1	34.2	1.2	140.8	131.7	106.9
Aug.	56.7	4.2	1.2	1.0	7.7	15.6	25.9	1.1	109.3	103.2	105.9
Sep.	66.2	4.5	1.3	0.9	8.8	18.5	30.9	1.3	127.6	119.7	106.6
Oct.	69.0	4.8	1.3	1.0	8.6	19.6	32.5	1.2	133.1	125.8	105.8
Nov.	67.1	4.8	1.3	1.0	8.1	18.2	32.5	1.3	129.3	123.3	104.8
Dec.	65.3	4.6	1.2	0.9	8.2	17.3	31.7	1.2	125.8	119.3	105.5
1999 Jan.	54.4	3.7	1.1	0.8	7.7	14.7	24.9	1.5	104.9	98.2	106.8
Feb.	60.1	4.0	1.2	0.8	8.3	16.5	27.3	2.1	115.8	108.4	106.9
Mar.	73.2	4.7	1.4	1.0	9.8	19.9	34.3	2.1	141.0	130.7	107.9
Apr.	65.8	4.3	1.3	1.0	9.1	17.7	30.5	1.7	126.8	116.4	108.9
May	63.6	4.5	1.3	1.0	9.0	17.3	28.8	1.8	122.7	113.1	108.5
June	73.5	4.6	1.3	1.1	9.8	19.8	34.5	2.2	141.7	129.6	109.3
July	76.3	4.6	1.4	1.2	10.3	20.8	35.7	2.4	147.2	133.1	110.6
Aug.	60.9	4.2	1.3	1.1	9.2	16.1	27.2	1.8	117.4	106.7	110.0
Sep.	72.2	5.1	1.4	1.5	10.1	19.8	32.5	1.9	139.2	128.9	108.0
Oct.	77.1	5.2	1.4	1.4	10.1	20.8	36.1	2.1	148.6	135.2	109.9
Nov.	77.2	5.3	1.5	1.2	10.6	20.7	35.8	2.0	148.8	136.6	108.9
Dec.	75.5	5.0	1.6	1.4	9.6	20.1	35.5	2.2	145.6	130.7	111.4
2000 Jan.	65.8	4.0	1.4	1.5	9.3	17.5	30.1	2.0	126.9	111.6	113.7
Feb.	75.0	4.5	1.6	1.6	10.7	20.7	33.8	2.1	144.5	125.2	115.4
Mar.	88.1	5.2	1.8	1.7	12.2	23.7	41.1	2.4	169.8	148.6	114.3
Apr.	73.5	4.4	1.6	1.5	10.2	19.4	34.5	1.9	141.7	122.0	116.1
May	86.5	5.3	1.8	1.8	11.9	22.8	40.5	2.3	166.8	.	.
June	83.6	.	.	.	.	.	.	.	161.2	.	.

Source: Eurostat; the commodity breakdown is in accordance with the SITC Rev. 3.

1) Owing to differences in definitions, coverage and time of recording, trade data (as compiled by Eurostat) are not fully comparable with the goods item in the balance of payments statistics compiled by the ECB (Table 8.2).

2) ECB calculations based on Eurostat data.

Table 9**2. Imports ¹⁾***(EUR billions (ECU billions to end-1998); c.i.f. value)*

	Total 1	Food, drink, tobacco 2	Raw materials 3	Energy 4	Chemicals 5	Other manu- factured articles 6	Machinery, transport equipment 7	Other 8	Import trade indices 1995 = 100		
									Value ²⁾ 9	Volume ²⁾ 10	Unit value 11
1996	593.9	46.6	36.5	71.6	54.1	167.0	193.6	24.6	105.5	102.9	102.6
1997	674.2	49.7	41.3	81.2	62.0	188.1	228.8	23.1	119.8	110.3	108.6
1998	711.0	55.1	41.3	58.5	68.0	202.0	270.1	16.1	126.3	123.0	102.7
1999	775.9	51.7	39.2	77.5	70.6	209.3	304.0	23.6	137.9	129.7	106.3
1997 Q1	159.1	11.4	9.7	21.2	14.7	44.6	51.8	5.8	113.1	106.0	106.7
Q2	168.0	12.6	11.0	18.6	16.0	46.5	57.5	5.7	119.4	111.4	107.2
Q3	166.6	12.2	10.0	20.0	15.2	48.9	55.6	4.7	118.5	106.9	110.8
Q4	180.4	13.5	10.6	21.4	16.1	48.2	63.8	6.8	128.2	117.0	109.6
1998 Q1	179.9	13.7	10.9	16.4	17.7	51.6	65.3	4.3	127.9	119.2	107.3
Q2	179.2	13.7	11.1	15.1	17.3	50.4	67.2	4.3	127.4	121.6	104.7
Q3	171.1	13.4	9.7	13.8	16.4	50.8	63.4	3.6	121.6	119.5	101.8
Q4	180.8	14.3	9.6	13.2	16.5	49.2	74.1	3.9	128.5	131.9	97.4
1999 Q1	178.4	12.3	9.2	13.8	16.9	49.9	70.9	5.5	126.8	128.2	98.9
Q2	188.6	12.8	10.1	16.8	17.6	50.4	75.1	5.8	134.0	129.1	103.8
Q3	193.2	12.7	9.5	21.2	17.1	54.0	72.9	5.7	137.3	125.5	109.4
Q4	215.7	14.0	10.4	25.8	19.0	54.9	85.0	6.6	153.4	136.3	112.5
2000 Q1	229.8	12.5	11.3	31.6	19.9	60.2	87.0	7.4	163.4	135.2	120.8
Q2	241.6	.	.	.	.	.	.	.	171.7	.	.
1998 Jan.	57.7	4.5	3.5	5.7	5.6	16.6	20.4	1.4	123.0	114.3	107.6
Feb.	57.9	4.3	3.5	5.4	5.6	16.7	20.8	1.6	123.4	114.4	107.9
Mar.	64.3	4.9	3.8	5.3	6.5	18.3	24.1	1.3	137.1	128.6	106.6
Apr.	60.1	4.8	3.7	5.2	5.8	16.8	22.6	1.3	128.2	121.5	105.5
May	56.9	4.4	3.5	5.2	5.6	15.8	21.2	1.2	121.4	115.7	104.9
June	62.1	4.6	3.9	4.7	6.0	17.8	23.4	1.8	132.5	127.8	103.7
July	59.3	4.7	3.6	4.7	6.0	17.8	21.2	1.3	126.4	123.6	102.2
Aug.	50.1	4.1	2.8	4.4	4.7	15.0	18.1	1.0	106.9	105.7	101.1
Sep.	61.8	4.6	3.3	4.7	5.8	17.9	24.1	1.4	131.7	129.2	101.9
Oct.	62.5	4.8	3.3	4.7	5.8	17.4	25.1	1.4	133.2	133.9	99.5
Nov.	59.7	4.6	3.1	4.2	5.4	16.2	24.9	1.3	127.3	131.8	96.6
Dec.	58.6	5.0	3.1	4.3	5.3	15.7	24.2	1.2	125.0	130.2	96.0
1999 Jan.	54.8	3.8	3.0	4.6	5.1	15.4	21.3	1.7	116.9	119.1	98.2
Feb.	56.2	3.8	2.9	4.2	5.4	16.1	21.9	1.9	119.8	121.6	98.5
Mar.	67.4	4.6	3.3	5.0	6.4	18.5	27.8	1.9	143.8	144.0	99.9
Apr.	61.3	4.2	3.3	5.6	5.7	15.9	24.6	1.9	130.7	127.7	102.4
May	62.1	4.2	3.3	5.7	5.7	16.4	24.9	1.8	132.5	126.6	104.6
June	65.1	4.4	3.5	5.4	6.1	18.1	25.6	2.0	138.9	132.8	104.6
July	64.2	4.3	3.4	6.7	5.7	18.3	24.0	1.9	137.0	126.8	108.0
Aug.	58.3	4.0	2.7	7.0	5.1	16.2	21.6	1.7	124.4	113.1	110.0
Sep.	70.6	4.4	3.4	7.6	6.3	19.5	27.3	2.1	150.6	136.6	110.2
Oct.	69.8	4.5	3.3	7.9	6.3	18.5	27.0	2.3	148.8	133.7	111.3
Nov.	73.5	4.7	3.6	8.4	6.6	18.6	29.4	2.3	156.8	141.5	110.8
Dec.	72.4	4.8	3.4	9.5	6.1	17.9	28.6	2.1	154.5	133.8	115.4
2000 Jan.	70.6	4.0	3.5	10.3	5.7	18.4	26.4	2.4	150.7	126.8	118.8
Feb.	75.1	3.9	3.6	10.2	6.7	20.0	28.1	2.5	160.0	132.6	120.7
Mar.	84.1	4.5	4.2	11.1	7.4	21.8	32.5	2.6	179.4	146.2	122.7
Apr.	72.4	4.1	3.7	9.5	6.5	18.2	28.1	2.3	154.3	126.3	122.2
May	87.1	5.0	4.7	11.2	7.4	22.5	33.6	2.7	185.7	.	.
June	82.1	.	.	.	.	.	.	.	175.1	.	.

Source: Eurostat; the commodity breakdown is in accordance with the SITC Rev. 3.

1) Owing to differences in definitions, coverage and time of recording, trade data (as compiled by Eurostat) are not fully comparable with the goods item in the balance of payments statistics compiled by the ECB (Table 8.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of goods imported, which accounted for about 3.8% of the value of imports (c.i.f.) in 1998.

2) ECB calculations based on Eurostat data.

Table 9**3. Trade balance ¹⁾***(EUR billions (ECU billions to end-1998); exports (f.o.b.) - imports (c.i.f.))*

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other
	1	2	3	4	5	6	7	8
1996	75.8	2.7	-22.3	-58.5	31.4	28.5	102.3	-8.3
1997	88.6	3.2	-25.0	-66.8	37.0	28.5	114.0	-2.2
1998	85.3	1.0	-25.5	-45.9	36.4	19.7	101.0	-1.4
1999	53.9	3.5	-22.9	-64.0	43.0	14.9	79.1	0.3
1997 Q1	11.6	0.6	-5.8	-17.5	7.9	4.3	22.8	-0.8
Q2	23.8	0.7	-6.9	-15.0	9.1	7.4	28.9	-0.4
Q3	26.8	0.9	-5.9	-16.6	10.4	6.8	30.9	0.3
Q4	26.3	1.0	-6.4	-17.7	9.5	10.0	31.3	-1.3
1998 Q1	14.6	0.1	-6.7	-13.0	9.0	3.2	22.7	-0.7
Q2	25.4	0.9	-7.2	-11.7	9.6	6.1	28.2	-0.6
Q3	24.8	0.1	-5.8	-10.9	9.3	4.5	27.6	0.0
Q4	20.6	-0.1	-5.7	-10.3	8.5	5.9	22.6	-0.2
1999 Q1	9.2	0.1	-5.4	-11.2	8.9	1.1	15.5	0.2
Q2	14.3	0.7	-6.2	-13.7	10.3	4.4	18.8	0.0
Q3	16.3	1.1	-5.4	-17.4	12.5	2.6	22.5	0.3
Q4	14.0	1.6	-5.9	-21.8	11.3	6.7	22.3	-0.2
2000 Q1	-1.0	1.2	-6.6	-26.8	12.3	1.8	18.0	-0.9
Q2	2.1	.	.	.	.	.	.	.
1998 Jan.	0.9	-0.2	-2.2	-4.6	2.8	-0.3	5.6	-0.2
Feb.	5.9	0.3	-2.2	-4.3	3.1	1.4	8.1	-0.4
Mar.	7.8	0.1	-2.3	-4.1	3.1	2.0	9.0	0.0
Apr.	8.0	0.1	-2.4	-4.1	3.4	2.2	8.7	0.0
May	9.0	0.4	-2.3	-4.1	3.1	2.4	9.5	-0.1
June	8.3	0.3	-2.6	-3.5	3.1	1.5	10.1	-0.5
July	13.8	0.0	-2.2	-3.6	3.3	3.3	13.0	0.0
Aug.	6.6	0.1	-1.6	-3.5	3.0	0.6	7.7	0.1
Sep.	4.4	-0.1	-2.0	-3.8	3.0	0.5	6.8	-0.1
Oct.	6.6	0.0	-2.0	-3.7	2.8	2.2	7.4	-0.2
Nov.	7.4	0.2	-1.9	-3.3	2.7	2.0	7.7	0.0
Dec.	6.6	-0.3	-1.9	-3.3	2.9	1.7	7.5	0.1
1999 Jan.	-0.4	-0.1	-1.8	-3.8	2.6	-0.7	3.6	-0.2
Feb.	3.9	0.1	-1.7	-3.3	2.9	0.4	5.4	0.2
Mar.	5.7	0.1	-1.9	-4.0	3.4	1.4	6.5	0.2
Apr.	4.5	0.2	-2.0	-4.6	3.4	1.8	5.9	-0.2
May	1.5	0.3	-2.1	-4.8	3.2	0.9	3.9	0.0
June	8.4	0.3	-2.1	-4.3	3.7	1.7	8.9	0.2
July	12.1	0.2	-2.0	-5.5	4.7	2.5	11.7	0.5
Aug.	2.6	0.2	-1.4	-5.8	4.0	-0.2	5.6	0.1
Sep.	1.6	0.7	-2.0	-6.1	3.8	0.3	5.1	-0.2
Oct.	7.3	0.8	-1.9	-6.5	3.8	2.3	9.0	-0.1
Nov.	3.7	0.6	-2.1	-7.2	4.1	2.2	6.4	-0.2
Dec.	3.1	0.2	-1.9	-8.0	3.5	2.3	6.8	0.1
2000 Jan.	-4.8	0.0	-2.2	-8.8	3.6	-0.9	3.7	-0.3
Feb.	-0.1	0.5	-2.0	-8.6	4.0	0.7	5.7	-0.4
Mar.	4.0	0.6	-2.3	-9.4	4.7	1.9	8.6	-0.2
Apr.	1.1	0.2	-2.1	-7.9	3.7	1.2	6.5	-0.4
May	-0.6	0.3	-2.8	-9.3	4.5	0.2	7.0	-0.4
June	1.5	.	.	.	.	.	.	.

Source: Eurostat; the commodity breakdown is in accordance with the SITC Rev. 3.

1) Owing to differences in definitions, coverage and time of recording, trade data (as compiled by Eurostat) are not fully comparable with the goods item in the balance of payments statistics compiled by the ECB (Table 8.1). Part of the difference arises from the inclusion of insurance and freight services in the recording of goods imported, which accounted for about 3.8% of the value of imports (c.i.f.) in 1998.



10 Exchange rates

Table 10

Exchange rates

(period averages; units of national currency per ECU or euro (bilateral); index 1999 Q1=100 (effective))

	Effective exchange rate of the euro ¹⁾						Bilateral ECU or euro exchange rates ²⁾			
	Narrow group				Broad group		US dollar	Japanese yen	Swiss franc	Pound sterling
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI				
1	2	3	4	5	6	7	8	9	10	
1996	107.9	108.8	107.5	112.8	95.4	105.9	1.270	138.1	1.568	0.814
1997	99.1	99.4	99.2	101.1	90.4	96.6	1.134	137.1	1.644	0.692
1998	101.5	101.3	101.5	99.7	96.6	99.1	1.121	146.4	1.622	0.676
1999	95.7	95.7	95.7	95.8	96.6	95.8	1.066	121.3	1.600	0.659
1999 Q1	100.0	100.0	100.0	100.0	100.0	100.0	1.122	130.7	1.599	0.687
Q2	96.1	96.0	96.0	96.6	96.5	96.0	1.057	127.7	1.600	0.658
Q3	94.6	94.7	94.6	94.6	95.5	94.6	1.049	118.7	1.602	0.655
Q4	92.2	92.2	92.2	92.1	94.2	92.6	1.038	108.4	1.600	0.636
2000 Q1	89.0	89.7	89.7	88.3	91.1	89.5	0.986	105.5	1.607	0.614
Q2	86.0	86.6	87.0	85.7	88.4	86.6	0.933	99.6	1.563	0.610
1999 Jan.	102.0	101.8	101.8	-	101.4	101.4	1.161	131.3	1.605	0.703
Feb.	99.9	99.9	99.8	-	100.0	100.0	1.121	130.8	1.598	0.689
Mar.	98.3	98.3	98.4	-	98.7	98.6	1.088	130.2	1.595	0.671
Apr.	97.1	96.9	97.0	-	97.5	97.2	1.070	128.2	1.602	0.665
May	96.6	96.5	96.4	-	96.9	96.4	1.063	129.7	1.603	0.658
June	94.7	94.7	94.7	-	95.1	94.4	1.038	125.3	1.595	0.650
July	94.8	95.2	94.9	-	95.0	94.5	1.035	123.7	1.604	0.658
Aug.	95.4	95.6	95.4	-	96.3	95.5	1.060	120.1	1.600	0.660
Sep.	93.6	93.4	93.4	-	95.2	93.8	1.050	112.4	1.602	0.647
Oct.	94.4	94.2	94.3	-	96.3	94.7	1.071	113.5	1.594	0.646
Nov.	92.0	92.0	92.1	-	94.0	92.4	1.034	108.2	1.605	0.637
Dec.	90.1	90.4	90.2	-	92.2	90.7	1.011	103.7	1.601	0.627
2000 Jan.	90.2	90.8	90.8	-	92.4	90.8	1.014	106.5	1.610	0.618
Feb.	89.2	89.8	89.9	-	91.2	89.5	0.983	107.6	1.607	0.615
Mar.	87.7	88.3	88.4	-	89.7	88.1	0.964	102.6	1.604	0.611
Apr.	86.1	86.6	86.9	-	88.4	86.7	0.947	99.9	1.574	0.598
May	84.5	85.0	85.6	-	86.9	85.1	0.906	98.1	1.556	0.602
June	87.4	88.2	88.4	-	89.9	88.1	0.949	100.7	1.561	0.629
July	86.9	88.0	88.1	-	89.4	87.6	0.940	101.4	1.551	0.623
Aug.	84.6	85.5	85.8	-	87.0	85.0	0.904	97.8	1.551	0.607
% ch. vs. ⁴⁾ prev. month										
2000 Aug.	-2.7	-2.8	-2.6	-	-2.7	-2.9	-3.8	-3.6	0.0	-2.6
% ch. vs. ⁴⁾ prev. year										
2000 Aug.	-11.3	-10.5	-10.1	-	-9.7	-11.0	-14.7	-18.6	-3.1	-8.0

Source: ECB.

- 1) ECB calculations; based on weighted averages of bilateral euro exchange rates. Weights are based on 1995-97 manufactured goods trade with the trading partners and capture third-market effects. The narrow group is composed of the countries whose currencies are shown in the table. In addition, the broad group includes the following countries: Algeria, Argentina, Brazil, China, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Poland, Romania, Russia, Slovakia, Slovenia, South Africa, Taiwan, Thailand and Turkey. Real rates are calculated using consumer prices (CPI), producer prices in manufacturing (PPI) and unit labour costs in manufacturing (ULCM). Where deflators are not yet available, estimates are used.
- 2) To December 1998, rates for the ECU (source BIS); from January 1999, rates for the euro.
- 3) As the ECB does not provide official reference rates for these currencies, indicative rates are shown.
- 4) The table shows the percentage change in the latest monthly observation vis-à-vis the previous month, and vis-à-vis the same month of the previous year. A positive change denotes an appreciation of the euro.

Bilateral ECU or euro exchange rates ²⁾									
Swedish krona	Danish krone	Greek drachma	Norwegian krone	Canadian dollar	Australian dollar	Hong Kong dollar ⁵⁾	Korean won ³⁾	Singapore dollar ³⁾	
11	12	13	14	15	16	17	18	19	
8.51	7.36	305.5	8.20	1.731	1.623	9.68	1,007.9	1.765	1996
8.65	7.48	309.3	8.02	1.569	1.528	8.75	1,069.8	1.678	1997
8.92	7.50	330.7	8.47	1.665	1.787	8.69	1,568.9	1.876	1998
8.81	7.44	325.8	8.31	1.584	1.652	8.27	1,267.3	1.806	1999
8.98	7.44	322.7	8.60	1.696	1.770	8.69	1,342.6	1.911	1999 Q1
8.90	7.43	325.0	8.24	1.557	1.618	8.19	1,258.8	1.810	Q2
8.71	7.44	326.1	8.22	1.558	1.613	8.14	1,252.8	1.772	Q3
8.65	7.44	329.2	8.19	1.528	1.613	8.07	1,217.4	1.737	Q4
8.50	7.45	332.7	8.11	1.434	1.564	7.68	1,109.8	1.674	2000 Q1
8.28	7.46	336.2	8.20	1.381	1.585	7.27	1,042.0	1.608	Q2
9.08	7.44	323.6	8.65	1.765	1.839	8.99	1,362.4	1.950	1999 Jan.
8.91	7.44	322.0	8.65	1.679	1.751	8.68	1,330.2	1.905	Feb.
8.94	7.43	322.5	8.51	1.651	1.726	8.43	1,336.2	1.881	Mar.
8.91	7.43	325.5	8.32	1.594	1.668	8.30	1,292.2	1.834	Apr.
8.97	7.43	325.2	8.23	1.553	1.605	8.24	1,272.1	1.820	May
8.83	7.43	324.2	8.17	1.524	1.580	8.05	1,212.6	1.775	June
8.74	7.44	325.0	8.18	1.540	1.576	8.03	1,229.4	1.756	July
8.75	7.44	326.4	8.26	1.583	1.645	8.23	1,269.1	1.779	Aug.
8.63	7.43	327.0	8.23	1.552	1.619	8.15	1,260.1	1.781	Sep.
8.73	7.43	329.2	8.29	1.581	1.641	8.32	1,289.9	1.793	Oct.
8.63	7.44	328.7	8.19	1.516	1.618	8.04	1,215.9	1.727	Nov.
8.59	7.44	329.7	8.10	1.491	1.580	7.86	1,149.6	1.694	Dec.
8.60	7.44	331.1	8.12	1.469	1.542	7.89	1,145.9	1.697	2000 Jan.
8.51	7.45	333.2	8.10	1.427	1.564	7.65	1,110.8	1.674	Feb.
8.39	7.45	333.9	8.11	1.408	1.583	7.51	1,076.1	1.654	Mar.
8.27	7.45	335.2	8.15	1.389	1.588	7.38	1,051.4	1.620	Apr.
8.24	7.46	336.6	8.20	1.355	1.570	7.06	1,015.3	1.566	May
8.32	7.46	336.6	8.25	1.402	1.597	7.40	1,061.1	1.641	June
8.41	7.46	336.9	8.18	1.389	1.598	7.33	1,047.9	1.636	July
8.39	7.46	337.3	8.10	1.341	1.557	7.05	1,007.6	1.556	Aug.
-0.2	0.0	0.1	-1.0	-3.5	-2.5	-3.8	-3.8	-4.9	% ch. vs. ⁴⁾ prev. month 2000 Aug.
-4.1	0.3	3.3	-2.0	-15.3	-5.3	-14.3	-20.6	-12.5	% ch. vs. ⁴⁾ prev. year 2000 Aug.

I I Economic and financial developments in the other EU Member States

Table 11

Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	HICP	General government deficit (-)/surplus (+) as a % of GDP	General government gross debt as a % of GDP	Long-term government bond yield ¹⁾ as a % per annum	Exchange rate ²⁾ as national currency per ECU or euro	Current and new capital account as a % of GDP	Unit labour costs ³⁾	Real GDP	Industrial production index ⁴⁾	Standardised unemployment rate as a % of labour force (s.a.)	Broad money ⁵⁾	3-month interest rate ¹⁾ as a % per annum
	1	2	3	4	5	6	7	8	9	10	11	12
Denmark												
1997	1.9	0.5	61.4	6.26	7.48	0.6	1.4	3.1	5.3	5.6	4.7	3.73
1998	1.3	1.2	55.8	4.94	7.50	-1.1	2.6	2.5	2.2	5.2	4.6	4.27
1999	2.1	2.8	52.6	4.91	7.44	1.3	3.4	1.7	1.8	5.2	4.2	3.44
1999 Q2	1.8	-	-	4.50	7.43	1.6	3.8	2.3	3.9	5.4	4.9	3.13
Q3	2.3	-	-	5.35	7.44	1.5	3.2	1.4	-0.4	5.2	3.4	3.19
Q4	2.8	-	-	5.57	7.44	0.3	0.2	2.5	4.4	4.9	4.1	3.78
2000 Q1	2.8	-	-	5.79	7.45	0.7	4.0	1.7	3.1	4.9	2.2	3.95
Q2	2.9	-	-	5.67	7.46	.	.	.	7.2	4.8	1.3	4.73
2000 Feb.	2.8	-	-	5.85	7.45	-	-	-	4.8	4.9	2.1	3.93
Mar.	3.0	-	-	5.65	7.45	-	-	-	-0.2	4.8	3.9	4.18
Apr.	2.9	-	-	5.57	7.45	-	-	-	12.5	4.7	-0.9	4.32
May	2.8	-	-	5.77	7.46	-	-	-	10.8	4.8	1.5	4.70
June	2.9	-	-	5.67	7.46	-	-	-	-0.6	4.8	3.3	5.14
July	2.8	-	-	5.76	7.46	-	-	-	.	.	0.5	5.78
Aug.	2.2	-	-	5.64	7.46	-	-	-	.	.	.	5.66
Greece												
1997	5.4	-4.6	108.3	9.92	309.3	-4.1	8.4	3.4	1.8	7.9	11.8	12.48
1998	4.5	-3.1	105.5	8.48	330.7	-3.1	5.5	3.7	8.3	10.0	10.2	13.53
1999	2.1	-1.8	104.6	6.30	325.8	-4.1	2.5	3.5	3.4	.	7.6	10.08
1999 Q2	2.0	-	-	5.87	325.0	-	-	-	3.8	.	7.3	9.80
Q3	1.4	-	-	6.56	326.1	-	-	-	4.7	.	6.6	9.86
Q4	2.0	-	-	6.68	329.2	-	-	-	0.0	.	6.4	10.13
2000 Q1	2.6	-	-	6.44	332.7	-	-	-	7.8	.	5.3	8.71
Q2	2.3	-	-	6.11	336.2	-	-	-	5.5	.	8.9	8.33
2000 Feb.	2.6	-	-	6.48	333.2	-	-	-	7.6	.	4.7	8.51
Mar.	2.8	-	-	6.24	333.9	-	-	-	10.5	.	5.4	8.69
Apr.	2.1	-	-	6.09	335.2	-	-	-	7.2	.	9.4	8.48
May	2.6	-	-	6.18	336.6	-	-	-	6.9	.	8.2	8.30
June	2.2	-	-	6.06	336.6	-	-	-	2.8	.	9.1	8.22
July	2.6	-	-	6.08	336.9	-	-	-	.	.	.	8.02
Aug.	2.9	-	-	6.04	337.3	-	-	-	.	.	.	7.92
Sweden												
1997	1.8	-2.0	75.0	6.62	8.65	-	0.4	2.0	7.1	9.9	4.2	4.43
1998	1.0	1.9	72.4	4.99	8.92	3.3	1.6	3.0	4.1	8.3	3.5	4.36
1999	0.6	1.9	65.7	4.98	8.81	1.6	0.1	3.8	1.0	7.2	6.8	3.32
1999 Q2	0.3	-	-	4.54	8.90	0.9	0.3	3.7	0.9	7.2	6.5	3.07
Q3	0.7	-	-	5.48	8.71	2.8	0.3	3.8	-0.7	7.1	6.1	3.22
Q4	1.0	-	-	5.69	8.65	0.8	-0.8	3.8	3.0	6.8	9.1	3.69
2000 Q1	1.2	-	-	5.79	8.50	3.4	7.2	3.9	6.2	6.5	8.7	3.99
Q2	1.2	-	-	5.30	8.28	.	.	.	10.4	6.0	9.1	4.09
2000 Feb.	1.4	-	-	5.90	8.51	-	-	-	5.7	6.6	9.1	4.10
Mar.	1.4	-	-	5.51	8.39	-	-	-	7.4	6.4	8.4	4.16
Apr.	1.0	-	-	5.42	8.27	-	-	-	13.2	6.1	9.9	4.14
May	1.3	-	-	5.34	8.24	-	-	-	6.4	6.0	11.2	4.10
June	1.4	-	-	5.13	8.32	-	-	-	11.6	6.0	6.1	4.05
July	1.3	-	-	5.31	8.41	-	-	-	.	5.6	5.9	4.21
Aug.	.	-	-	5.31	8.39	-	-	-	.	.	.	4.13
United Kingdom												
1997	1.8	-2.0	51.1	7.13	0.692	0.9	2.9	3.5	1.3	7.0	11.2	6.92
1998	1.6	0.4	48.0	5.60	0.676	0.0	2.9	2.6	0.8	6.3	9.7	7.42
1999	1.3	1.3	45.7	5.01	0.659	-1.1	3.6	2.1	0.6	6.1	5.3	5.54
1999 Q2	1.4	-2.1	46.5	4.82	0.658	-0.8	4.2	1.7	-1.2	6.1	6.7	5.30
Q3	1.2	1.4	45.7	5.39	0.655	-1.8	3.4	2.3	1.8	6.0	3.5	5.28
Q4	1.2	1.5	45.4	5.46	0.636	-0.3	3.0	2.8	2.2	5.9	3.6	5.98
2000 Q1	0.8	6.9	43.5	5.60	0.614	-1.8	2.9	3.0	2.0	5.8	3.8	6.20
Q2	0.6	-2.1	43.7	5.31	0.610	.	.	3.1	1.8	.	5.6	6.28
2000 Feb.	1.0	1.4	42.8	5.63	0.615	-	-	-	1.7	5.8	3.0	6.24
Mar.	0.7	2.2	43.5	5.34	0.611	-	-	-	3.1	5.7	5.3	6.23
Apr.	0.6	-0.2	43.1	5.30	0.598	-	-	-	1.2	5.7	5.0	6.30
May	0.5	-2.7	42.3	5.41	0.602	-	-	-	1.7	5.5	5.1	6.30
June	0.8	-3.6	43.7	5.21	0.629	-	-	-	2.4	.	6.6	6.23
July	1.0	8.7	43.3	5.24	0.623	-	-	-	-1.0	.	.	6.19
Aug.	.	.	.	5.32	0.607	-	-	-	.	.	.	6.22

Sources: Eurostat (columns 1, 8, 9 and 10 (except Greece)); European Commission (Economic and Financial Affairs DG and Eurostat) (columns 2 (annual) and 3 (annual)); Reuters (column 12); national data (columns 2 (quarterly and monthly), 3 (quarterly and monthly), 4, 5, 7 (except Sweden), 10 (Greece) and 11); ECB calculation (columns 6 and 7 (Sweden)).

1) Average-of-period values.

2) For more information, see Table 10.

3) Whole economy; data for the United Kingdom

4) Total excluding construction; adjusted for working days.

5) Average of end-month values; M3; M4 for Greece and United Kingdom.

12 Economic and financial developments outside the EU

Table 12.1

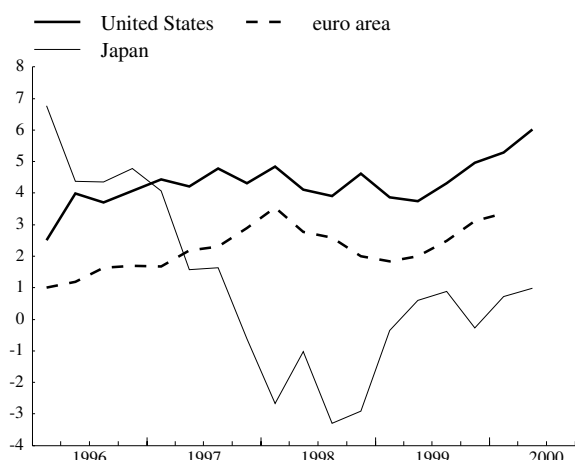
Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs ¹⁾	Real GDP	Industrial production index ¹⁾	Unemployment rate as a % of labour force (s.a.)	M2 ²⁾	3-month interbank deposit rate ³⁾ as a % per annum	10-year government bond yield ³⁾ as a % per annum	Exchange rate ⁴⁾ as national currency per ECU or euro	Fiscal deficit (-)/surplus (+) ⁵⁾ as a % of GDP	Gross public debt ⁶⁾ as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
1996	2.9	-2.3	3.6	4.7	5.4	4.8	5.51	6.54	1.270	-2.2	58.8
1997	2.3	0.0	4.4	7.0	4.9	4.9	5.76	6.45	1.134	-0.9	56.4
1998	1.6	0.7	4.4	4.9	4.5	7.4	5.57	5.33	1.121	0.3	53.3
1999	2.2	-1.7	4.2	4.2	4.2	7.5	5.42	5.64	1.066	1.0	50.3
1999 Q1	1.7	-1.6	3.9	3.5	4.3	8.5	5.00	4.98	1.122	0.7	52.9
Q2	2.1	-1.4	3.8	4.1	4.3	8.0	5.07	5.54	1.057	0.9	51.2
Q3	2.3	-0.8	4.3	4.4	4.2	7.5	5.44	5.88	1.049	1.2	50.4
Q4	2.6	-3.1	5.0	4.8	4.1	6.1	6.14	6.13	1.038	1.3	50.3
2000 Q1	3.2	-3.7	5.3	5.9	4.1	5.8	6.11	6.48	0.986	2.0	49.3
Q2	3.2	-4.4	6.0	6.5	4.0	5.8	6.63	6.18	0.933	2.0	.
2000 Mar.	3.7	-	-	6.2	4.1	6.0	6.20	6.26	0.964	-	-
Apr.	3.0	-	-	6.5	3.9	6.3	6.31	6.00	0.947	-	-
May	3.1	-	-	6.5	4.1	5.6	6.75	6.42	0.906	-	-
June	3.7	-	-	6.6	4.0	5.5	6.79	6.10	0.949	-	-
July	3.5	-	-	6.8	4.0	5.3	6.73	6.04	0.940	-	-
Aug.	.	-	-	.	4.1	.	6.69	5.83	0.904	-	-
Japan											
1996	0.1	-1.9	5.1	2.3	3.4	3.3	0.57	3.03	138.1	-2.9	-
1997	1.7	-2.2	1.6	3.6	3.4	3.1	0.62	2.15	137.1	-2.7	-
1998	0.6	6.3	-2.5	-7.1	4.1	4.4	0.66	1.30	146.4	-10.3	-
1999	-0.3	-2.5	0.2	0.8	4.7	3.7	0.22	1.75	121.3	-10.4	-
1999 Q1	-0.1	3.0	-0.4	-3.8	4.6	4.0	0.36	1.97	130.7	-	-
Q2	-0.3	-1.7	0.6	-0.6	4.7	4.1	0.12	1.53	127.7	-	-
Q3	0.0	-5.0	0.9	3.1	4.7	3.6	0.10	1.78	118.7	-	-
Q4	-1.0	-5.9	-0.3	4.8	4.6	3.0	0.29	1.77	108.4	-	-
2000 Q1	-0.7	-7.0	0.7	6.2	4.8	2.2	0.14	1.79	105.5	-	-
Q2	-0.7	.	1.0	7.1	4.7	2.3	0.12	1.72	99.6	-	-
2000 Mar.	-0.5	-5.5	-	4.6	4.9	1.9	0.14	1.81	102.6	-	-
Apr.	-0.8	-6.5	-	6.4	4.8	2.9	0.12	1.75	99.9	-	-
May	-0.7	-7.7	-	7.5	4.6	2.2	0.10	1.71	98.1	-	-
June	-0.7	.	-	7.3	4.7	1.9	0.13	1.69	100.7	-	-
July	-0.5	.	-	4.5	4.7	2.0	0.22	1.72	101.4	-	-
Aug.	.	.	-	.	.	1.7	0.32	1.77	97.8	-	-

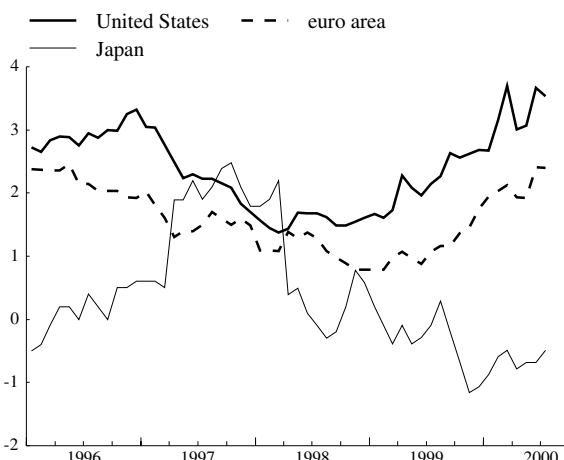
Real gross domestic product

(annual percentage changes; quarterly)



Consumer price indices

(annual percentage changes; monthly)



Sources: National data (columns 1, 2 (United States), 3, 4, 5, 6, 8 (to December 1998), 9 and 10); OECD (column 2 (Japan)); Eurostat (euro area chart data); Reuters (column 7 and 8 (from January 1999)); ECB calculation (column 11).

1) Manufacturing.

4) For more information, see Table 10.

2) Average-of-period values; M2 and CDs for Japan.

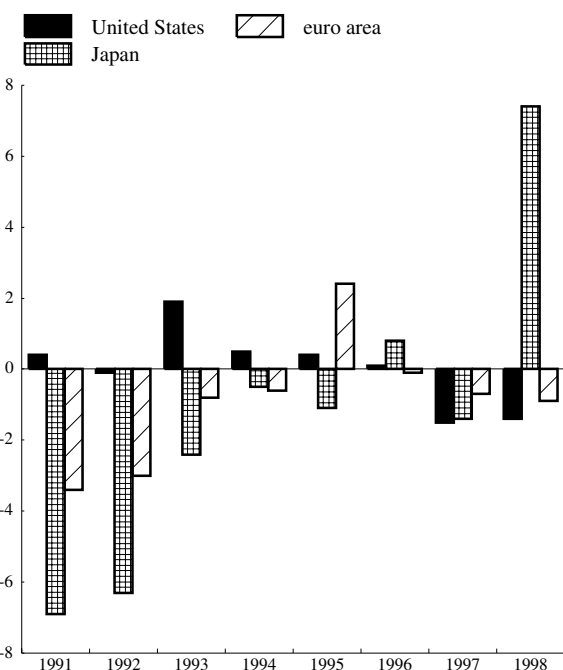
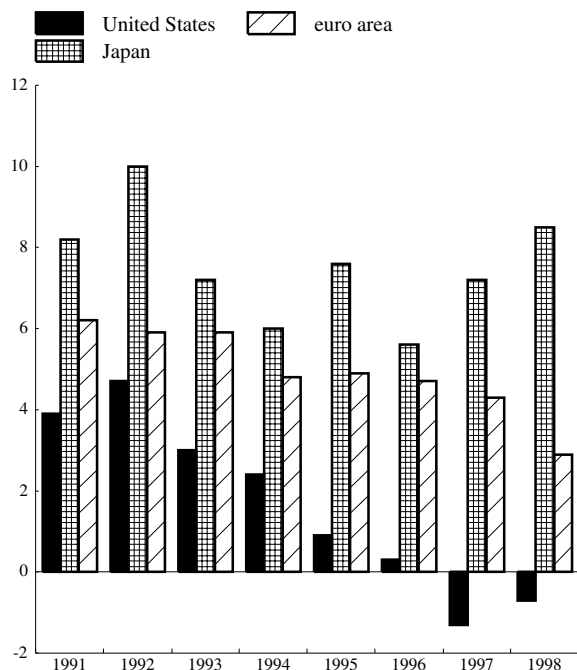
5) Japan: the 1998 deficit includes a large debt assumption; financial accounts sources for 1999.

3) For more information, see Tables 3.1 and 3.2.

6) Gross consolidated debt for the general government (end of period).

Table 12.2
Saving, investment and financing
(as a percentage of GDP)

	National saving and investment			Investment and financing of non-financial corporations						Investment and financing of households ¹⁾			
	Gross saving	Gross capital formation	Net lending to the rest of the world	Gross capital formation	Gross fixed capital formation	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities	Securities and shares	Capital expenditure	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13
United States													
1996	17.3	19.1	-1.4	8.8	8.4	5.2	8.7	5.1	1.1	11.8	5.0	13.0	4.8
1997	18.3	19.8	-1.5	9.4	8.5	1.9	8.8	3.4	1.9	11.7	3.2	12.6	4.6
1998	18.8	20.5	-2.3	9.5	8.7	4.0	8.7	5.4	1.7	12.1	5.1	12.2	5.7
1999	18.7	20.7	-3.4	9.5	9.1	6.3	8.6	7.5	3.6	12.7	4.9	11.5	6.7
1998 Q2	18.6	20.3	-2.2	9.3	8.7	3.4	8.7	4.5	3.9	12.1	7.8	12.1	5.6
Q3	18.9	20.6	-2.6	9.6	8.7	4.4	8.6	5.8	0.6	12.1	3.7	12.0	5.3
Q4	18.8	20.7	-2.6	9.5	8.9	1.8	8.6	3.4	-0.9	12.4	4.5	12.2	6.1
1999 Q1	19.0	20.8	-2.8	9.4	8.9	8.2	8.7	9.2	6.4	12.6	3.2	11.9	6.4
Q2	18.7	20.5	-3.3	9.4	9.3	6.1	8.7	7.1	0.2	12.8	5.4	11.7	6.7
Q3	18.7	20.8	-3.6	9.5	9.1	6.6	8.6	7.9	3.7	12.7	4.4	11.3	6.6
Q4	18.3	20.9	-4.0	9.7	8.9	4.3	8.5	5.8	4.3	12.6	6.6	11.1	7.1
2000 Q1	18.1	21.0	-4.3	9.7	9.3	6.2	8.6	7.6	6.0	12.9	4.7	10.4	7.7
Japan													
1996	31.3	29.8	1.4	16.1	15.6	1.7	15.1	0.3	1.0	6.7	6.4	13.3	1.1
1997	31.2	28.7	2.6	16.6	16.1	3.3	13.7	1.2	0.1	5.4	7.1	13.4	0.7
1998	29.3	26.4	3.1	14.5	14.6	-6.4	15.1	-9.3	-1.3	5.0	6.0	13.7	-0.1
1999	.	25.9	.	.	.	1.6	.	-2.6	1.5	.	6.6	.	0.6
1998 Q2	.	24.8	.	.	.	-32.6	.	-14.2	0.4	.	12.9	.	-6.2
Q3	.	26.9	.	.	.	4.2	.	-2.6	1.5	.	4.2	.	2.0
Q4	.	26.9	.	.	.	12.6	.	-6.5	-6.4	.	12.7	.	-0.6
1999 Q1	.	26.9	.	.	.	0.6	.	-12.4	-2.4	.	-4.4	.	9.8
Q2	.	24.2	.	.	.	-18.2	.	-14.2	1.9	.	15.2	.	-7.2
Q3	.	26.4	.	.	.	7.6	.	-2.7	1.5	.	3.3	.	2.6
Q4	.	26.9	.	.	.	18.2	.	17.6	7.3	.	10.5	.	-3.7
2000 Q1	.	26.2	.	.	.	8.0	.	-5.8	-4.7	.	2.8	.	8.7

Net lending of non-financial corporations
(as a percentage of GDP)

Net lending of households¹⁾
(as a percentage of GDP)


Sources: ECB, Federal Reserve Board, Bank of Japan and Economic Planning Agency.

1) Households including non-profit institutions serving households.

Technical notes

Relating to Table 2.4

Seasonal adjustment of the euro area monetary aggregates

Multiplicative versions of X-12-ARIMA (version 0.2.2¹) and TRAMO/SEATS² (beta version, July 1998) are used. For technical reasons, the results of X-12-ARIMA are published as the official figures. Seasonal adjustment for monetary aggregates includes a day-of-the-week adjustment for some components of M2. The seasonal adjustment of M3 is carried out indirectly by aggregating the seasonally adjusted series of M1, M2 less M1, and M3 less M2 to fulfil the additivity constraint.

Seasonal factors are estimated for the index of adjusted stocks (Table 2.4.1). They are then applied to the levels expressed in EUR billions and to the adjustments due to reclassifications, other revaluations, etc., yielding seasonally adjusted values for the levels, the adjustments, and thus for the flows.

Calculation of growth rates

Growth rates may be calculated (a) from flows, or (b) from the index of adjusted stocks.

If F_t represents the flow in month t , L_t the level outstanding at the end of month t , X_t the rate of change in month t defined as $X_t = (F_t \div L_{t-1} + 1)$, and I_t the index of adjusted stocks in month t , the annual percentage change a_t – i.e. the change in the latest 12 months – may be calculated as follows:

$$(a) \quad a_t = ((X_t * X_{t-1} * X_{t-2} * X_{t-3} * X_{t-4} * X_{t-5} * X_{t-6} * X_{t-7} * X_{t-8} * X_{t-9} * X_{t-10} * X_{t-11}) - 1) * 100$$

$$(b) \quad a_t = (I_t \div I_{t-12} - 1) * 100$$

Roundings may give rise to differences from the annual percentage changes shown in Table 2.4. The index of adjusted stocks is available with a higher level of precision on the ECB's website (<http://www.ecb.int>) on the "Euro area statistics – download" page (in csv file format), from which the exact percentage changes shown in Table 2.4 may be calculated.

Relating to Tables 2.5 to 2.8

As far as possible, the data are harmonised and comparable. Nevertheless, as a result of the implementation of a new reporting scheme in January 1999, data for Tables 2.5 to 2.8 prior to the first quarter of 1999 are not directly comparable to those referring to later periods. In addition, quarterly flows cannot be calculated for any of the periods as, for the time being, reclassification and revaluation adjustments are not compiled. Tables 2.5 to 2.8 can be used for a structural analysis, while it is not advisable to perform a detailed analysis of the growth rates.

- ¹ For details see Findley, D., Monsell, B., Bell, W., Otto, M., and Chen, B.C. (1998), "New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program", *Journal of Business and Economic Statistics*, 16, 2, 127-152, or "X-12-ARIMA Reference Manual Version 0.2.2", (December 1998), Time Series Staff, Bureau of the Census, Washington, D.C.
- ² For details see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Bank of Spain, Working Paper No. 9628, Madrid.



General notes

The basis for the statistics compiled and published by the European Central Bank (ECB) was laid down in the document entitled the “Statistical requirements for Stage Three of Monetary Union (Implementation package)” which was made available to banking associations and others involved in statistical preparations for Stage Three by the European Monetary Institute (EMI) and the national central banks (NCBs) in July 1996. The “Implementation package” covers money and banking statistics, balance of payments statistics, international investment position statistics, financial accounts statistics, price and cost and other economic statistics.¹

The focus of these statistics is the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in a downloadable format (csv files) on the ECB’s website (<http://www.ecb.int>), and new or expanded data will appear in the ECB Monthly Bulletin as they become available.

Because the composition of the ECU does not coincide with the currencies of the Member States which have adopted the single currency, pre-1999 amounts converted from the participating currencies into ECU at current ECU exchange rates are affected by movements in the currencies of Member States which have not adopted the euro. To avoid this effect in the monetary statistics, the pre-1999 data in Tables 2.1 to 2.8 are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless indicated otherwise, price and cost statistics before 1999 are based on the data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used as appropriate.

As a general rule, the cut-off date for the statistics included in the ECB Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council of the ECB. For this issue, it was 13 September 2000.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

Overview

Key developments in the euro area are summarised in an overview table.

Monetary policy and financial statistics

Tables 1.1 to 1.5 show the consolidated financial statement of the Eurosystem, data on Eurosystem operations, statistics relating to minimum reserves, and the banking system’s liquidity position. Tables 1.2 and 1.3 reflect the switch to variable rate tenders in June 2000. Monetary data relating to Monetary Financial Institutions (MFIs), including the Eurosystem, are shown in Tables 2.1 to 2.3. Table 2.3 is consolidated; inter-MFI positions within the euro area are not shown, but any difference between the sum total of such claims and liabilities as recorded is shown in column 13. Table 2.4 sets out monetary aggregates drawn from the consolidated MFI balance sheet; they also include some (monetary) liabilities of central government. Table 2.5 shows a quarterly sectoral and maturity analysis of loans by MFIs to euro area residents. Table 2.6 shows a quarterly analysis of deposits held by euro area residents with MFIs. Table 2.7 provides a quarterly analysis of MFI claims on and liabilities to non-residents of the euro area. Table 2.8 shows a quarterly currency analysis of certain MFI balance sheet items. A complete list of MFIs is published on the ECB’s website. Details of the sector definitions are set out in the “Money and Banking Statistics Sector Manual: Guidance for the statistical classification of customers” (ECB, November 1999). The “Money and Banking Statistics Compilation Guide” (EMI, April 1998) explains recommended practices to be followed by the NCBs. From

¹ Money and banking statistics are the responsibility of the ECB at the European level; responsibility for balance of payments, international investment position and financial accounts statistics is shared with the European Commission (Eurostat); price and cost and other economic statistics are the responsibility of the European Commission (Eurostat).

From January 1999 the statistical information is collected and compiled on the basis of the ECB Regulation concerning the consolidated balance sheet of the Monetary Financial Institutions sector (ECB/1998/16).

Statistics on money market interest rates, long-term government bond yields and stock market indices (Tables 3.1 to 3.3) are produced by the ECB using data from wire services. For details concerning the statistics on retail bank interest rates (Table 3.4), see the footnote at the bottom of the relevant page.

Statistics on securities issues, redemptions and amounts outstanding are shown in Table 3.5, with a sectoral breakdown of issuers of euro-denominated securities, whether resident in the euro area or elsewhere, in Table 3.6. The totals (columns 1, 7 and 14) in Table 3.6 are identical to the data on amounts outstanding (columns 8, 16 and 20), gross issues (columns 5, 13 and 17) and net issues (columns 7, 15 and 19) of euro-denominated securities in Table 3.5. The amounts outstanding of securities issued by MFIs (column 2) in Table 3.6 are broadly comparable with money market paper and debt securities issued as shown on the liabilities side of the aggregated MFI balance sheet in Table 2.8.3 (columns 2 and 10), although the coverage of the securities issues statistics is at present somewhat narrower.

Prices and real economy indicators

The data presented in the ECB Monthly Bulletin are, with a few exceptions, produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. However, the availability of comparable data is, as a general rule, better for the more recent periods than for earlier periods.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 4.1) is available

from 1995 onwards. Estimates for periods before 1995 based on national consumer price indices are not fully comparable. The index is based on national HICPs that follow the same methodology in all euro area countries. Data from January 2000 include the cost of health and educational services; earlier data on the extended basis are, in general, not available. The HICP from January 2000 also covers spending by non-residents which had previously been excluded from the HICP in certain Member States.

With regard to statistics on national accounts (Tables 4.2 and 5.1), the implementation of the European System of Accounts 1995 (ESA 95) during 1999 and thereafter has begun to pave the way for fully comparable data, including quarterly summary accounts, across the euro area. Before 1999 the deflators of GDP in Table 4.2.2 are derived from national data in domestic currency. National accounts in this issue are based mainly on the ESA 95.

Table 5.2 shows selected other real economy indicators. The implementation of Council Regulation (EC) No. 1165/98 of 19 May 1998 concerning short-term statistics will enlarge the range of available euro area data.

Opinion survey data (Table/Chart 5.3) draw on the business and consumer surveys of the European Commission.

Employment data (Table 5.4) are based on the ESA 95. Since coverage of the euro area was not complete in time for this issue, some data are ECB estimates based on the information available. Unemployment rates conform to International Labour Organization (ILO) guidelines.

Financial accounts statistics

The "Implementation package" foresaw a need for detailed information covering the financial transactions and balance sheets for the euro area in order to complement monetary analysis and policy research. The aim is to provide a

fairly full, though not complete, set of financial accounts for the euro area based on money and banking, balance of payments, capital market, non-MFI financial corporation and government finance statistics, and drawing also on the ESA 95 national accounts. Table 6 shows euro area aggregates based on national capital and financial accounts.

A more detailed and further harmonised set of statistics presenting financial accounts for the euro area is expected to appear in the ECB Monthly Bulletin later this year.

General government fiscal position

Tables 7.1 to 7.3 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The euro area aggregates are compiled by the ECB from harmonised data provided by the NCBs, which are regularly updated. Data on deficit and debt for the euro area countries may therefore differ from those used by the European Commission in the context of the excessive deficit procedure.

Table 7.1 shows general government revenue and expenditure on the basis of definitions laid down in Commission Regulation No. 1500/2000 of 10 July 2000 amending the ESA 95. Table 7.2 shows details of general government gross consolidated debt at nominal value in accordance with the Treaty provisions on the excessive deficit procedure. Tables 7.1 and 7.2 include summary data for individual euro area countries owing to their importance in the framework of the Stability and Growth Pact. Table 7.3 analyses changes in general government debt. The difference between the change in government debt and government deficit, the deficit-debt adjustment, is mainly explained by government transactions in financial assets and by foreign exchange valuation effects.

Balance of payments and international investment position of the euro area (including reserves), trade in goods and exchange rates

The concepts and definitions used in balance of payments statistics (Tables 8.1 to 8.6) and international investment position (i.i.p.) statistics generally conform to the 5th edition of the IMF Balance of Payments Manual (October 1993), to the ECB Guideline of 1 December 1998 (ECB/1998/17) on the statistical reporting requirements of the European Central Bank, and to Eurostat's documentation.

The euro area balance of payments is compiled by the ECB. Data up to December 1998 are expressed in ECU. The recent monthly figures for balance of payments statistics should be regarded as provisional. These data are revised with the publication of the detailed quarterly balance of payments data.

Some earlier data have been partly estimated and may not be fully comparable with more recent observations. That is the case for the b.o.p. financial account before end-1998, the services account before end-1997, the monthly pattern of income for the years 1997 to 1999 and the i.i.p. at end-1997. Table 8.5.2 provides a sectoral breakdown of euro area purchasers of securities issued by non-residents of the euro area. It is not possible to show a sectoral breakdown of euro area issuers of securities acquired by non-residents.

The euro area i.i.p. (Table 8.7.1) is compiled on a net basis by aggregating national data. The i.i.p. is valued at current market prices with the exception of direct investment stocks, where book values are used to a large extent.

The outstanding amounts of the Eurosystem's international reserves and related assets are shown in Table 8.7.2. The corresponding reserves and related assets held by the ECB are shown separately in Table 8.7.3. The data in Tables 8.7.2 and 8.7.3 are in line with the

recommendations for the IMF/BIS template on international reserves and foreign currency liquidity. Reserve assets data before end-1999 are not fully comparable with later observations.

Table 9 gives data on euro area external trade in goods, and indices – value, volume and unit value – for total exports and imports. The value index is calculated by the ECB. The volume index is derived from the unit value index provided by Eurostat and the value index. Owing to differences in definitions, classification, coverage and time of recording, external trade data, in particular imports, are not fully comparable with the goods item in the balance of payments statistics (Tables 8.1 and 8.2).

Table 10 shows nominal and real effective exchange rate indices for the euro. The bilateral rates shown are those against the 13 currencies used in the ECB's calculation of the "narrow" effective exchange rate of the euro. For all except the Hong Kong and

Singapore dollars and the Korean won the bilateral rates are daily reference rates published by the ECB. Real indices (deflated by producer prices and unit labour costs in manufacturing respectively) for the group of 13 currencies are shown, together with one nominal and one real index (deflated by consumer prices) for a broader group of 39 currencies.

Other statistics

Statistics on other EU Member States (Table 11) follow the same principles as those for data relating to the euro area. Data for the United States and Japan contained in Tables/Charts 12.1 and 12.2 are obtained from national sources. Saving, investment and financing data for the United States and Japan (Table/Chart 12.2) are structured in the same way as the capital and financial flows data shown for the euro area in Table/Chart 6.

Chronology of monetary policy measures of the Eurosystem¹

4 January 2000

The ECB announces that on 5 January 2000 the Eurosystem will conduct a liquidity-absorbing fine-tuning operation with same-day settlement. This measure aims at restoring normal liquidity conditions in the money market after the successful transition to the year 2000.

5 January 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.0%, 4.0% and 2.0% respectively.

15 January 2000

At the request of the Greek authorities, the ministers of the euro area Member States, the ECB and the ministers and central bank governors of Denmark and Greece decide, following a common procedure, to revalue the central rate of the Greek drachma in the exchange rate mechanism (ERM II) by 3½%, with effect from 17 January 2000.

20 January 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.0%, 4.0% and 2.0% respectively.

It also announces that the Eurosystem intends to allot an amount of €20 billion for each of the longer-term refinancing operations to be conducted in the first half of 2000. This amount takes into consideration the expected liquidity needs of the banking system of the euro area in the first half of 2000 and the desire of the Eurosystem to continue to provide the bulk of its refinancing of the financial sector through its main refinancing operations.

3 February 2000

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 3.25%, starting from the operation to be settled on 9 February 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 4.25% and 2.25% respectively, both with effect from 4 February 2000.

17 February, 2 March 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.25%, 4.25% and 2.25% respectively.

16 March 2000

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 3.5%, starting from the operation to be settled on 22 March 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 4.5% and 2.5% respectively, with effect from 17 March 2000.

30 March, 13 April 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.5%, 4.5% and 2.5% respectively.

¹ The chronology of monetary policy measures of the Eurosystem taken in 1999 can be found on pages 176 to 179 of the ECB Annual Report 1999.

27 April 2000

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 3.75%, starting from the operation to be settled on 4 May 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 4.75% and 2.75% respectively, both with effect from 28 April 2000.

11 May 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

25 May 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

8 June 2000

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.50 percentage point to 4.25% and to apply this in the two operations (which will be conducted as fixed rate tenders) to be settled on 15 and 21 June 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 5.25% and 3.25% respectively, both with effect from 9 June 2000.

It also announces that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem

will be conducted as variable rate tenders, applying the multiple rate auction procedure. The Governing Council decides to set a minimum bid rate for these operations equal to 4.25%. The switch to variable rate tenders in the main refinancing operations is not intended as a further change in the monetary policy stance of the Eurosystem, but as a response to the severe overbidding which has developed in the context of the current fixed rate tender procedure.

19 June 2000

In accordance with Article 122 (2) of the Treaty establishing the European Community, the ECOFIN Council decides that Greece fulfils the necessary conditions on the basis of the criteria set out in Article 121 (1) and abrogates the derogation of Greece with effect from 1 January 2001. The ECOFIN Council took its decision, taking account of the reports of the European Commission and the ECB on the progress made in the fulfilment by Sweden and Greece of their obligations regarding the achievement of Economic and Monetary Union, after consulting the European Parliament, and after a discussion in the EU Council meeting in the composition of Heads of State or Government.

The ECOFIN Council, acting with the unanimity of the Member States of the European Community without a derogation and the Member State concerned, upon a proposal from the European Commission and after consultation of the ECB, also adopts the irrevocable conversion rate between the Greek drachma and the euro, with effect from 1 January 2001. Following the determination of the euro conversion rate of the Greek drachma (which is equal to its prevailing central rate against the euro in the exchange rate mechanism, ERM II), the ECB and the Bank of Greece announce that they will monitor the convergence of the market exchange rate of the Greek drachma against the euro towards its euro conversion rate, which should be completed at the latest by 29 December 2000.

21 June 2000

The Governing Council of the ECB decides that the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 5.25% and 3.25% respectively. It reiterates that, as announced on 8 June 2000, the forthcoming main refinancing operations of the Eurosystem will be conducted as variable rate tenders, applying the multiple rate auction procedure, with a minimum bid rate of 4.25%.

The Governing Council also announces that, for the longer-term refinancing operations to be conducted in the second half of 2000, the Eurosystem intends to allot an amount of €15 billion per operation. This amount takes into consideration the expected liquidity needs of the banking system of the euro area in the second half of 2000 and the desire of the Eurosystem to continue to provide the bulk of its refinancing of the financial sector through its main refinancing operations.

6 July, 20 July, 3 August 2000

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing

operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.25%, 5.25% and 3.25% respectively.

31 August 2000

The Governing Council of the ECB decides to raise the minimum bid rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 4.50%, with effect from the operation to be settled on 6 September 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.50% and 3.50% respectively, both with effect from 1 September.

14 September 2000

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.50%, 5.50% and 3.50% respectively.

The TARGET (Trans-European Automated Real-time Gross settlement Express Transfer) system

Payment flows in TARGET

The positive trend with regard to payment flows in TARGET continued in the second quarter of 2000. Compared with the first quarter of 2000, the number of payments processed in TARGET as a whole, i.e. cross-border and domestic payments taken together, increased by 7%, as did their value. The total number of TARGET payments in the second quarter reached 192,164 as a daily average, representing a value of around €1.07 trillion. There was a 10%

increase in cross-border payments both in terms of volume and value (averaging 41,129 payments, which represented a daily value of €454 billion). The peak day for TARGET cross-border activity in terms of volume was 30 May 2000. On this day 60,132 payments were processed. In terms of value, the peak day was 30 June 2000, when the value of payments processed reached €586 billion. The proportion of customer payments to the average number of daily TARGET cross-border payments increased slightly and now stands at around

Table I

Payment instructions processed by TARGET and other selected interbank funds transfer systems: volume of transactions

(number of payments)

	1999 Q1	1999 Q2	1999 Total	2000 Q1	2000 Q2
TARGET					
All TARGET payments					
Total volume	9,756,845	10,289,259	42,257,784	11,677,570	11,889,208
Daily average	154,871	158,296	163,014	179,655	192,164
Cross-border TARGET payments					
Total volume	1,562,233	1,837,435	7,453,326	2,426,206	2,551,112
Daily average	24,797	28,268	28,702	37,326	41,129
Domestic TARGET payments					
Total volume	8,194,612	8,451,824	34,804,458	9,251,364	9,338,096
Daily average	130,073	130,028	134,312	142,329	151,036
Other systems					
Euro 1 (EBA)					
Total volume	3,306,689	4,250,282	17,646,284	5,823,942	6,241,239
Daily average	52,487	65,389	67,895	89,599	100,743
Euro Access Frankfurt (EAF)					
Total volume	2,996,555	2,948,742	12,096,875	3,272,746	3,204,424
Daily average	47,564	45,365	46,705	50,350	51,820
Paris Net Settlement (PNS) ¹⁾					
Total volume	1,370,755	1,318,159	5,197,215	1,244,435	1,254,662
Daily average	21,758	20,279	20,083	19,145	20,306
Servicio Español de Pagos Interbancarios (SEPI)					
Total volume	299,860	289,174	1,101,742	262,828	241,952
Daily average	4,760	4,449	4,260	4,044	3,900

1) The PNS replaced the *Système Net Protégé (SNP)* on 19 April 1999.

34% in terms of volume and 3.4% in terms of value. In the second quarter of 2000 the average value of customer payments stood at €1.1 million; for interbank payments the average value was €16.2 million.

The upward trend in the use of TARGET is more pronounced if the second quarter of 2000 is compared with the second quarter of 1999. The daily average number of payments processed by TARGET as a whole increased by

21%, while the daily value of payments increased by 18%. The increase in the use of TARGET cross-border payments is even higher. The daily average number of cross-border payments increased by 45% and the daily average value of cross-border transactions increased by 29%.

Further information on the TARGET system is available in the TARGET section of the ECB's website (<http://www.ecb.int>).

Table 2
Payment instructions processed by TARGET and other selected interbank funds transfer systems: value of transactions
(EUR billions)

	1999 Q1	1999 Q2	1999 Total	2000 Q1	2000 Q2
TARGET					
All TARGET payments					
Total value	60,704	58,861	239,472	65,189	66,245
Daily average	964	906	926	1,003	1,070
Cross-border TARGET payments					
Total value	21,970	22,838	93,236	26,828	28,121
Daily average	349	351	360	413	454
Domestic TARGET payments					
Total value	38,734	36,023	146,236	38,361	38,124
Daily average	615	554	566	590	616
Other systems					
Euro 1 (EBA)					
Total value	11,000	10,777	44,215	12,160	12,758
Daily average	175	166	171	187	206
Euro Access Frankfurt (EAF)					
Total value	10,823	9,587	39,041	10,576	10,786
Daily average	172	147	151	163	174
Paris Net Settlement (PNS) ¹⁾					
Total value	5,767	6,125	24,041	5,689	5,309
Daily average	92	94	93	88	86
Servicio Español de Pagos Interbancarios (SEPI)					
Total value	340	226	941	149	124
Daily average	5	3	4	2	2

1) The PNS replaced the *Système Net Protégé (SNP)* on 19 April 1999.

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Convergence Report

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